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NEWS SUMMARY

GENERAL

Fraud bids rife in Ulster poll

Dozens were turned away from polling booths in the Fermanagh-South Tyrone by-election in Northern Ireland yesterday for attempting to cast votes by impersonation.

A high turnout and close result were predicted in the poll, caused by the death of IRA hunger striker Bobby Sands.

Michael Devine, 27, became the tenth to die in the Maze protest, after 60 days without food. Back Page

Spain allows time in passport move

Spain is to accept expored British passports for a further two weeks, altering its earlier decision to withdraw the concession at once.

Both sides denied the move was a further snub in the dispute over Gibraltar. The civil servants' pay campaign has delayed the issue of passports.

Fare rises sought

British Airways and several other UK airlines are seeking fare rises averaging 7 per cent on domestic routes. Back Page

Coroner's pledge

A Norfolk coroner described last week's helicopter crash which killed 13 as a "slaughter." Adjourning the inquest for six months, he promised a detailed inquiry.

Teacher jailed

Birmingham schoolteacher Bridgette Parsons was jailed for six months after throwing a missile at a police van during riots in Handsworth.

Hijack asylum

France granted asylum to the Iranian monarchist hijackers of an Iran Navy gunboat and will not press charges. Earlier story and Tehran battle, Page 3

Dogfight doubts

Pentagon officials said the two Libyan pilots shot down over the Mediterranean were apparently acting on their own initiative in attacking U.S. fighters. Reactions, Page 3

Cape Town demo

Riot police turned back about 1,000 protestors at South Africa's parliament buildings as a similar number of black squatters were removed in buses to the Transkei "homeland."

Balsemao return

Fransisco Balsemao agreed to return as Portuguese Premier, and is expected to be asked today to form a government.

FT redundancies

The Financial Times is to offer redundancy payments of up to £30.000 to cut its 1.630 workforce by about 110. Page 6

Palace prowler

Royal security has come under closer scrutiny with a police disclosure that a man was found in Buckingham Palace grounds this month, intending "to see Princess Anne."

Actress charged

Julie Goodyear—Bet Lynch in Coronation Street—was one of five charged over alleged fraud in her cancer appeal fund.

Away from it all

Chinese who visit Peking are being housed in air raid shelters because of a shortage of hotel beds.

Briefly . . .

Dinosaur leg bone fossil 100m years old was found in Japan. Rock singer Phil Lynott was fined £200 for possessing cocaine.

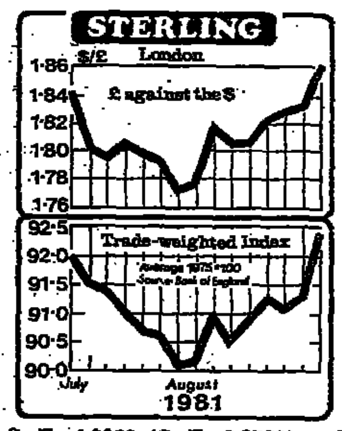
Jessie Matthews, film and radio star, died in London at 74. Obituary, Page 11

BUSINESS

Gold off by $3; Mines down 26

● GOLD fell $3 to $430 in London. In New York, the Comex August close was $428.5. Page 19

● STERLING gained 2.80 cents to $1.8600. It also improved to DM 4.5950 (DM 4.5750), FFr 11.0200 (FFr 10.8850),



SwFr 4.0050 (SwFr 3.9750) and Y425.50 (Y422.00). Its trade-weighted index increased to 92.4 (91.3). Page 19

● DOLLAR weakened to DM 2.4710 (DM 2.4960), FFr 5.9250 (FFr 5.9475), SwFr 2.1540 (SwFr 2.1700), and Y228.75 (Y230.25). Its trade-(112.2). Page 19

● GOLD MINES index shed 26.0 to 372.0 on Press comment suggesting that South African golds should be sold in favour of bullion. Page 24

● EQUITIES were easier. The *FT 30-share index lost 2.6 to* 560.7. Page 24

● GILTS were encouraged by the stronger pound. The Government Securities Index added 0.19 to 65.01. Page 24

● COPPER led a general decline in base metal prices, although tin advanced to a 17-month high. Cash wirebars lost £36.5 to £951.5 a tonne on the renewed strength of sterling. Page 23

● WALL STREET was up 3.43 *to 929.89 near the close.* Page 22

● UK INDUSTRY capital spending levelled out in the first half of this year while the rundown in finished goods and raw materials stocks was on a *smaller scale than last year.* Back Page; details, Page 7; TUC suggests £24bn reflation programme, Back Page

● U.S. says it will make a major effort to reconcile differences between the EEC and textile producing countries to ensure a new international textile agreement is signed. Page 4

● NORWAY could face a strike by 700 production personnel on its North Sea oil and gas *fields from Monday.*

● UK GOVERNMENT signalled a drive to ensure all possible sub-contract work in North Sea *oil development* goes to British companies. Page 6

● IRAN'S imports rose by 20 per cent in the first half of this year. Page 4

● COMBUSTION ENGINEERING of the U.S. and a Franco-German consortium won two contracts for South African power stations worth R700m (£405m) each. Back Page

● BRITISH SHIPBUILDERS and Kestrel Marine are holding talks about the purchase of the BS Robb Caledon yard in Dundee. Page 6

● LETRASET sent its second letter to shareholders rejecting the £45m takeover bid from Mills and Allen International. Page 16

● BASF, West German chemical company, reported first-half pre-tax profits 6.8 per cent lower at DM 837m (£182.15m). Page 21

● MORGAN CRUCIBLE, furnace components and thermal products group, made a £10.8m rights issue and reported sharply lower taxable profits of £2.58m (£6.49m) for the first half of 1981. Page 14; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 12pc 1987	£93	+ ½
Blue Circle	492	+ 6
Britannic Assurance	296	+ 6
Ductile Steels	81	+ 22
Gelfer (A. and J.)	59	+ 5
Hambro Life	426	+ 5
Securicor	210	+ 10
Standard Fireworks	139	+ 5
Sun Life	380	+ 11
Geevor	167	+ 7
FALLS		
Bibby (J.)	290	− 8
British Home Stores	140	− 5
Grand Met.	204	− 12
Morgan Crucible	128	− 4
Rowntree Mackintosh	174	− 4
Sidlaw Inds.	205	− 13
Sirdar	212	− 6
Trusthouse Forte	140	− 6
Bougainville	103	− 8
Hartebeest	£30	− 2¼
Randfontein	£24½	− 2¼
Stilfontein	818	− 98

Formula to avert rail strike goes to union executives

BY NICK GARNETT, LABOUR STAFF

RAIL UNION EXECUTIVES will be urged by their general secretaries today to call off the *threatened national strike on* the basis of understandings reached with British Rail last night after three days of peace talks.

The position is the most hopeful since the National Union of Railwaymen and the train drivers' union, the Associated *Society of Locomotive Engineers* and Firemen (Aslef), voted earlier *this month* for an all-out stoppage over pay and productivity from midnight on August 30.

British Rail, which is predicting a *rapid acceleration* of losses to a record £140m by the end *of the year, had warned* that the strike would have serious long term consequences for the railways and would devastate its finances.

Mr Sid Weighell, general secretary of the NUR said after the talks at the Advisory, Conciliation and Arbitration Service (Acas) that it was a "delicate" *package and his executive* would be in "great difficulty." He would have to convince them that the understandings were an "intelligent" way to move forward.

Mr Ray Buckton, Aslef general secretary said he hoped his negotiators could persuade the Aslef executive to accept the arrangements.

Both general secretaries said they would not be goin gto their *executives unles they felt it was* worthwhile. The arrangements *are also being recomended by* Mr Tom Jenkins, general secretary of the white collar TSSA

The talks at Acas have produced two understandings—one on pay and one on productivity. The rail unions had been insisting that productivity should be handled separately from the tribunal pay awar of 8 per cent from April and 3 per cent from August.

Although the two understandings are separate British Rail *has clearly achieved some linking of any payment of the 3 per cent to commitments from* the union towards productivity.

The board had said that it would not pay the 3 per cent unles the unions agreed a productivity package including single manning of trains, ticket inspection and collection by on-train staff and changes to grade structure and rostering.

Yesterday's understanding on *productivity involves the unions* fleshing out one of the clauses contained in the pay award made by the Railway Staffs National Tribunal.

This clause 190 says that the Tribunal appreciates that "given the financial and market constraints that press on the industry adequate pay and conditions must continue to be dependent on what can be done to maintain and improve productivity." It reiterates that the *board had said that the offer* was dependent on the understanding that productivity negotiations will continue.

The clause says that if the Tribunal's 11 per cent award was accepted it hoped that "further and more substantial progress will be achieved" on productivity. A joint statement by the parties last night said *the productivity understanding* stemmed from this clause.

British Rail will have taken a major step forward if management *has ow secured a greater* union commitment to higher efficiency than ever before.

Efficiency changes are crucial to the board securing greater financial investment from the Government.

Shell profits fall sharply

BY RAY DAFTER, ENERGY EDITOR

THE Royal Dutch/Shell Group yesterday reported a slump in profits arising largely from trading problems in the oil products and chemicals markets. Net income in the second quarter of this year droped to £164m compared with £680m in *the same period of 1980.*

However, the results were artificially depressed by swings in currency exchange rates and by U.S. accounting rules—described by Sir Peter Baxendell, a group managing director as "a pain in the neck."

Sir Peter, chairman of the UK-based arm of the group, Shell Transport and Trading, said that when the second quarter's results were translated to take account of currency conversions and stock appreciation, the net income was *£251m, virtually the same as in* the first quarter and 43 per cent below the level in the April-June period last year.

Shell had expected to be hit even harder by currency movements. Last month the group took the unusual step of warning that exceptional distortions in the results would arise from the application of the controversial U.S. accounting standard, known as FAS 8. Shell thought it might be hit *to the extent of £400m to £450m.* In the event the net loss on *currency conversion* worked out at £322m.

Even so, *FAS 8* regulations transformed the reported *performance of the group's* U.S. affiliate, Shell Oil. The *company reported total second* quarter earnings of $410m (£220m) but these became *a net* loss of £195m when converted into sterling on a FAS 8 basis.

The Federal Accounting *Standards Board is reviewing* the rules on currency conversion. Changes in the regulations could be made in time for the group's annual report, said Shell. Sir Peter said it was a "fatuous" exercise to make the currency translation for a company like Shell Oil which had dollar loans, dollar assets and dollar income.

The loss on the Royal Dutch/ *Shell* Group's currency conversion was partly offset by a *£235m gain arising* from adjustment of stock values from *a first-in, first-out accountancy* method to a current cost basis.

Sir Peter *said* the industry had been hit by high crude oil prices and an inability to recover fully costs in depressed oil products and chemicals markets. The problems were particularly acute in major industrialised countries, especially the UK, West Germany and Japan

Shell Transport and Trading *shares rose 6p to 408p on the* London Stock Exchange yester-

Details, Page 14
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Pound rises sharply against $

By Peter Riddell, Economics Correspondent

STERLING ROSE sharply yes*terday to its highest level for* more than three weeks against the dollar.

The pound rose 2.8 cents in London to $1.86. It also gained sharply against the main Continental currencies, closing above FFr 11. The sterling trade-weighted index, measuring the pound's average value against other currencies, rose 1.1 points *to 92.4, its highest level since* mid-July.

This rise *partly reflected* the weakness of the dollar following reported comments by Mr Paul Volcker, chairman of the Federal Reserve Board, that the next major move in U.S. interest rates was likely to be down*ward.* There is no shift in policy.

Sterling was in strong demand however on its own account. *This reflected speculation about* higher world oil prices and about the trend of UK interest rates. This followed the one point rise in sterling base-lending rates announced yesterday in London by Chase Manhattan and Chemical Bank.

These rises do not point towards a general increase in the base rates of the London *clearing banks over the next* few days. The U.S. banks are much more dependent on the wholesale money-markets for their deposits than the clearers.

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Opec search for unity goes on

BY RICHARD JOHNS, MIDDLE EAST EDITOR, IN GENEVA

THE EMERGENCY meeting of the Organisation of Petroleum Exporting Countries resumes here early this morning after having failed yesterday to agree a common *pricing* and *production policy.* Member states are *likely to continue to press Saudi* Arabia to raise its reference price from $32 to $35 a barrel.

The conference is now in danger of total collapse. By last night Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, had still not been given authority to settle at $35 to enable Opec to re-unify its price structure.

At lunchtime yesterday it was generally believed that the Kingdom would compromise by raising the price of its oil from the $32 charged for its Arabian light crude oil, the traditional "marker," to $35 in return for a commitment by other members of the organisation to freeze *prices until 1983.*

The meeting, which began on Wednesday, was adjourned again until this morning to allow chief delegates to consult their governments. King Khaled of Saudi Arabia was said to be under heavy pressure not only to raise the kingdom's basic price but also to cut output *from its main producing fields* from the current rate of about *10.25m barrels a day to 8.5m b/d,* to strengthen the weak market for oil.

According to Arab delegates, the prospects for an early agreement were complicated by the fact that Crown Prince Fahd, the main influence on Saudi oil policy, was on holiday.

Dr Subroto, Indonesia's chief delegate, indicated that there *was a consensus on the need for* a price freeze until the end of next year and also on the maximum premium to be charged by the North African producers of light, sulphur-free crude.

Dr Subroto, who is presiding over the Opec meeting, said the price issue had passed beyond *mere economic considerations* and was now a political matter.

Iran has opposed any compromise involving a reduction in prices or any undertaking to keep the general price level stable over the next 15 months.

The chances of an agreement in Geneva have foundered *largely upon Venezuela's reluctance to renounce the basic reference price of $36 because* it has had no difficulty in maintaining its exports. However, Sr Humberto Calberon Berti, Minister of Mines and Hydrocarbons, has now suggested that it would be prepared to settle for unification at $35.

Ray Dafter, Energy Editor, *writes: The British National Oil* Corporation may face industry *opposition with its plan to* follow any rise in Saudi Arabia's marker price with a "cent for cent" increase in North Sea oil prices.

At least one leading producer in the UK is thought to be preparing to challenge the move on the basis that North Sea oil *prices would be too expensive* in the light of the present oil glut.

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Norwegian gas find, Page 2

Grand Met in Pan Am hotel talks

BY ARTHUR SANDLES

THE BOARD of Pan American World Airways met yesterday to discuss proposals from Britain's Grand Metropolitan group to buy its Inter-continental Hotels chain. Pan Am has been told by its bankers to sell the hotels, probably *worth between $300m* (£164m) and $500m, to help repay its debts.

Grand Met said last night in London that it was in "active negotiation" with Pan Am.

Pan Am said earlier this week that it was negotiating the sale o fthe properties, had postponed delivery of two Lockheed jets, and did not intend taking delivery of eight Boeings. It has been having talks with several banks, led by Citibank, in a search for a solution to its *pressing money problems.*

Grand Met is the front runer, but *not necessarily* the only contender, for what is probably the world's prime luxury hotel group. The UK group's advantage is that Pan Am needs cash quickly, from a buyer who would face few legal or political problems in making the purchase.

If the deal goes through and Grand Met buys all the Inter-continental hotels, it would make the British group the *world's ninth largest hotelier* in terms of number of rooms. It would *still be only half* the size of Hilton, Trusthouse Forte or Ramada and tiny compared

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Poland accepts plan to defer debt repayments

BY FRANCIS GHILES

POLAND HAS accepted the proposals put to it last month by 460 Western commercial banks to defer repayment of about $2.4bn (£1.3bn) of debt which falls due in the past *nine months* of this year.

This ends four weeks of speculation which followed the meeting in Zurich on July 22 during which proposals drafted by a task force of 21 international banks *were submitted to* Polish officials.

Details of the answer from Warsaw were given by a representative of Swiss Bank Corporation to officials of five western banks which represent Poland's main creditor nations—the U.S., West Germany, France, Britain and Austria, at a meeting *in* Zurich on Wednesday. The *answer from Poland* will now be communicated to the task force of 21 banks.

One banker at Wednesday's meeting said the tone of the answer was constructive and showed that Poland was seeking common ground with *the banks.*

Under the proposals accepted *by the Poles, 95 per cent of the* principal of Polish debt which falls due to Western banks between March 27 and December 31 tis year will be rescheduled until 1988 and the Poles will pay a margin of 1¾ per cent over the London Eurodollar rates.

This rescheduling agreement *does not cover Polish short* term debt, of which $2bn was *thought to have been outstand*ing at the start of this year.

Poland has underaken to pay the interest on its commercial debt which falls due in the last nine months of 1981 and is estimated to stand at $76?m. Although it is late in making these payments, bankers who are monitoring the progress of *the talks say Poland is making* great efforts to catch up.

Poland's total borrowing from western banks stood at $16.17bn at the end of last year according to figures released by the Bank of International Settle*ments in Basle in July. Of this,* $5.35bn is due for repayment this year.

Last weekend, the Soviet Union confirmed that it would allow Poland to defer payments on $4.2bn debt to Moscow for five years. In April this year, Poland reached agreement with *Western governments to re*schedule about $2.5bn in official debt.

Our Moscow correspondent adds: Poland is falling into a deep trade deficit with the Soviet Union according to the latest Soviet trade figures. Soviet exports to Poland *increased by almost 18 per cent* in the first half of the year to Roubles 2.4bn (£1.7bn), while Polish exports to the Soviet Union fell by almost 15 per cent to Roubles 1.65bn. In the same period last year Soviet-Polish trade was almost in balance.

The Soviet Union promised Poland further "considerable *material assistance*" in view of the country's economic difficulties following a meeting between President Leonoid Brezhnev and Mr Stanislaw Kania, the Polish leader, in the Crimea last weekend.

Warsaw doubles bread price

BY LESLIE COLITT IN WARSAW

THE POLISH Government is to double the price of bread in its first attempt to raise prices for staple products since an increase in the cost of meat last year led to a wave of strikes an dthe creation of Solidarity, the independent union.

Mr Zdzislaw Krasinski, the *minister of prices, said yester*day the bread price would rise "within the next few days." Cereal products would also cost more.

Sales of bread and cereals had increased by 30 per cent in the past few months, Mr Krasinski said. The low price meant that between 15 and 20 per cent of the bread *produced ended up as fodder* while another 7 per cent was *being thrown away.*

The price of staple products is a burning political issue and the Government has attempted to gain the support of Solidarity for dearer bread. Solidarity has already agreed on the need for an increase but there remains a dispute over the amount of additonal benefit to be paid in compensation.

The Government has *promised to pay most Poles* an extra Zl 150 (£2.50) a *month but Solidarity is seek*ing increased payments of poorer workers and those with large families.

£ in New York

	Aug. 19	Previous
Spot	$1.8510-8530	$1.8255-8245
1 month	0.65-0.72 pm	0.75-0.85 pm
3 months	2.00-2.10 pm	2.15-2.25 pm
12 months	6.30-6.50 pm	6.45-6.65 pm

Poehl: emphasising the positive in W. Germany's economy

BY STEWART FLEMING AND KEVIN DONE IN FRANKFURT

A MORE optimistic mood is emanating from West Germany's central bank these days. This is in spite of the D-Mark's slump to a five-year low against the U.S. dollar which forced the Bundesbank to spend almost DM 4bn defending the currency in the first two weeks of this month.

Only a few months ago Herr Karl Otto Poehl, the Bundesbank president, scarcely missed an opportunity to emphasise the problems facing the country, particularly when he was addressing the issue of the Government's failure to bring its spending under control.

Now he is ready to give a cautious public welcome to Bonn's halting steps to curb its appetite for spending money, which he described in a recent interview as "a step in the right direction."

Herr Poehl left no doubt, however, that he is still waiting to see if the politicians can deliver the goods. "If the goal of keeping Bonn's budget deficit to DM 26.5bn (£5.8bn) next year is reached, if the growth of federal spending is held to 4 per cent, and if the state administration's and local government bodies follow the federal Government's example, then there will be a thoroughly positive effect on the capital markets and on the value of the D-Mark on the foreign exchanges."

In sharp contrast, moreover, to his dire warnings in June about a "crisis of confidence" in the West German capital markets, Herr Poehl is now choosing to emphasise the positive aspects of the country's economic performance. On the huge current account deficit, he is making clear that he shares the views of those who have seen a potential turning point in the second quarter's trading performance. "The trend is undoubtedly positive, and that is what matters: perhaps the worst is already behind us," he says.

He expects this year's current account deficit to be only a little smaller than last year's record DM 29bn figure because of the disastrous first quarter's figures. But he says the deficit, after hitting DM 10bn in the first quarter was halved to DM 5bn in the second quarter. Behind the improvement lies a 27 per cent surge in exports, especially to Opec countries.

Overall exports in the second quarter grew in money terms by 11 per cent over the same period of 1980, compared with the sluggish 2.7 per cent rise in the first quarter.

Herr Poehl is realistic enough to recognise that an economic slump, such as West Germany is suffering, is the most difficult time to curb government spending and cut the budget deficit.

He is shrewd enough to recognise, too, that the central bank's ability publicly to influence the delicate negotiations now going on in Bonn between the government coalition parties has probably been pushed to its limits.

Herr Poehl . . . more optimism at Bundesbank

It is already clear that one of the biggest challenges for the Bundesbank is to hang on to the gains it has won and to carry on the high interest-rate monetary policy it feels forced to pursue because of the weakness of the D-Mark and the still serious threat of accelerating inflation.

Indeed, these dangers rule out for the time being any easing of monetary policy, and long-term interest rates on publicly issued securities reached new peaks this week of 11.23 per cent.

With the number of people out of work in West Germany the highest in 30 years and widely predicted to carry on rising to some 1.5m next year, West Germans may be losing patience. Already the Bundesbank president has had to make clear his opposition to proposals for a special tax levy to finance an economic stimulation programme, and he is clearly going to have to work hard to keep Bonn's eyes firmly focused on the goal of fiscal austerity.

Herr Poehl also needs to place heavy emphasis on boosting international confidence in the D-Mark now because, apart from intervention in the currency markets, his options for defending the currency are limited. Although still worried about inflation, the central bank feels that monetary policy is tight enough and would not want to push interest rates higher in the prevailing political climate.

The heavy and co-ordinatted central bank intervention in the foreign exchange markets at the beginning of this month was aimed not only at curbing the dollar's rise but at the foreign exchanges.

The Bundesbank can hope that intervention will be more effective now that the capital account of the balance of payments is looking healthier. Partly reflecting large sales of notes to Opec countries by the Government, the long-term capital account is showing a surplus of DM 7.7bn in the first six months of the year compared with only DM 1.8bn in the same period of 1980.

In the post-wor period, economic upturns in West Germany have regularly been led by the export sector and it is clear that hopes are building up for a repetition of this pattern in 1982. Such a development would help reduce the current account deficit and make it easier to cut the government deficit. A major problem, however, is to ensure that inflation stays under control. With the experience of the U.S. and Britain to look back on, the Bundesbank has certainly not missed the impact which a rising currency can have on curbing inflationary pressures.

Some West German officials are not unhappy at the prospect that a deterioration in the U.S. current account position appears to have set in and that Wall Street's scepticism about President Reagan's economic programme appears to be gaining converts. An end to the world financial markets' euphoria with Mr Reagan's election would be the next best thing to the long awaited, but still uncertain, decline in U.S. interest rates.

It is clear, however, that if the D-mark were to show signs of recovery, anything which tended to slow its rise, such as the restraints of the European monetary system, would begin to irk the central bank. It could then be expected to press for an EMS parity re-alignment.

Similarly, the central bank is unlikely to welcome new initiatives which might make managing the creature yet more complicated — such as the entry of Britain into the EMS.

France refuses to raise Italian wine import bar

BY DAVID WHITE IN PARIS AND RUPERT CORNWELL IN ROME

FRANCE YESTERDAY defied the European Commission by saying that Italian wine shipments blocked in the port of Sete woul dstay there "until the Government decides otherwise."

M Andre Cellard, Secretary of State at the Agriculture Ministry, said the Government would stand by its plans to give special aid to southern wine producers in spite of Brussels' criticism which he called un-justified.

His statement, made after a meeting of a special "crisis cell" on the wine problem in Paris, came after urging by M Claude Villain, the Commission's French director-general for agriculture, to release the Italian shipments, held up awaiting clearance by French customs.

France decided to block the wine last week in order to prevent more serious clashes with angry wine growers, after one ship had been boarded and its cargo of wine polluted

M Cellard said Italy had been asked to provide proper shipment papers for the wine in order to prove its origin and that these had not arrived. Local French winegrowers, hit by a recent flood of Italian imports, have charged the Italians with sending mixed Sicilian red and white wine, masquerading as rosé.

The Commission asked for the blocking measures to be withdrawn by next Tuesday, when the EEC's wine management committee is due to meet. More aid is being proposed to help stop Italian imports from disrupting the French market.

The French announcement increased pressure in Rome last night for more vigorous Italian retaliation.

The first unofficial reprisals have started already. On Wednesday night, three tankers carrying French milk bound for Italy were turned back "on health grounds" by Italian officials at the border crossing of Ventimiglia, near Menton. Previously, thet tankers had been used to transport Italian wine into France.

Hitherto, Italy has been relying on the Commission to carry the day on its behalf. The new French line, which would apear to pave the way for a long argument, may provoke a much tougher Italian policy.

Earlier in the day, Sig Giusepe Bartolomei, the Agriculture Minister, stated that official reprisals had not been taken so far in order that France should have no pretext for taking new measures to protect its winegrowers.

According to Sig Bartolomei, the French authorities had also turned back two shipments of Italian peaches recently.

'Promising gas find' by Norway

By Fay Gjester in Norway

NORWAY'S state oil company, Statoil, has this week begun testing what appears to be a highly promising gas find in the country's far northern waters. The discovery, to the west of the North Cape, is the first north of the 62nd Parallel which has showed enough gas to light a flare.

The well now being tested is the first into what is believed to be a large structure, lying some 2,200 metres below the sea bed. Press speculation has suggested that it could contain around 150bn cubic metres, making it nearly as large as the 200bn cubic metre Anglo-Norwegian Frigg Field.

But Statoil says that many additional wells will be needed to determine the size of the find. Moreover, the deep water on this part of the shelf—260 metres—could require the development of new technology

Meanwhile, Mr Arvid Johanson,th e Oil Minister in Norway's Labour Government, has rejected a suggestion by an Opposition politician that Norway should co-operate with the Soviet Union as well as its Nordic neighbours in exploiting petroleum finds in North Norwegian waters.

AP adds from Oslo: Norway has allocated nine North Sea blocks by issuing eight new exploration licences in the sixth round of licences granted so far south of the 62nd Parallel.

Norske Conoco, Elf Aquitaine Norge, Esso Exploration and Production Norway and Norske Shell were yesterday granted rights as operators on four of the blocks and the Norwegian companies Norsk Hydro, Saga Petroleum and Statoil on five others.

Norske Conoco was also granted a 7.5 per cent participation in each of three blocks, to be operated by *Norsk Hydro.*

Haig for Bonn talks next month

BY ROGER BOYES IN BONN

Intensive consultation between Bonn and Washington are expected next month, reflecting the irritations that have cropped up in relations between the two allies. These range from the U.S. decision to produce the neutron warhead to West Germany's determination to go ahead with a proposed Soviet-West European gas pipeline.

Mr Alexander Haig, U.S. Secretary of State, will visit Bonn and West Berlin on September 13-14 and is likely to reassure the West Germans that the U.S. is still serious about maintaining an arms control dialogue with the Soviet Union.

Mr Haig plans to meet Mr Andrei Gromyko, the Soviet Foreign Minister, in early September and officials say he may be able to brief Bonn about the state of Soviet-U.S. arms talks.

Later in September, senior U.S. officials, probably led by Mr Robert Hormats, Assistant Secretary of State for Economic Affairs, will visit Bonn to outline proposals for increased energy co-operation between the U.S. and West Germany. The political aim of such collaboration-embracing higher U.S. coal deliveries and co-operation in nuclear power development is to make the Soviet gas pipeline deal unnecessary.

The U.S. is worried that West Germany and other European countries will become excessively dependent on Soviet energy supplies and since the Western economic summit in Ottawa has been working out ways of wooing the Europeans away from such a scheme.

Mr Haig recently told Herr Hans Dietrich Genscher, his West German counterpart, that the U.S. Administration still opposes the pipeline. He is expected to deliver the same message during his Bonn visit.

West Germany welcomes the consultations with Washington, in contrast to the Carter Administration which often left its allies under-informed. However, it is difficult to see how the various visits to Bonn can tackle the real problems.

Bonn believes Mr Haig is serious about maintaining an arms dialogue with Moscow, but it knows Mr Haig opposed the decision to go ahead with immediate neutron warhead production. This opposition did not appear to make much impact on Administration thinking and Bonn's fear is that Mr Haig, for all his sincerity about arms control, may be over-ruled.

The visiting U.S. energy team is unlikely to sway the Bonn Government against the Soviet pipeline deal. Apart from the deal's intrinsic merits—in terms of creating employment and lessening dependence on oil from the Middle East—dropping it at this stage would complicate relations with Eastern Europe and weaken Chancellor Helmut Schmidt's position within his Social Democratic Party.

It is a central tenet of Bonn's Ostopolitik (its conciliatory policy towards the East) that East-West trade stabilises international relations. The U.S Administration by contrast appears to view this kind of East-West co-operation as a potential blackmail weapon in the hands of the Kremlin.

Paris pledge on fighters for Iraq

BY OUR PARIS STAFF

FRANCE HAS told Iraq that it is not opposed to further sales of Mirage fighters and that it is ready in principle to rebuild the nuclear research centre near Baghdad which the Israeli air force destroped in June.

This emerged during two days of talks here between French leaders and Mr. Tariq Aziz, the Iraqi Vice-Premier.

After a meeting with President Francois Mitterand on Wednesday the two countries have decided to undertake detailed discusions on Iraq's request for a replacement for Osirak, the 70-MW research reactor that the Israelis bombed before it could go on stream.

M Mitterrand took the view that there were no grounds to refuse Iraq equipment or know-how that was supplied to other countries, officials said.

A fresh contract depends, however, on agreement on safeguards. M Claude Cheysson, the French Foreign Minister, who had talks with Mr Aziz yesterday, has said on repeated occasions that France would demand much more stringent safeguards against proliferation of nuclear weapons.

Besides having its own technicians on the site, France is expected to seek closer involvement by the International Atomic Energy Agency.

The issue is seen by the Iraqis as a litmus-test of their relations with the new French administration. Its importance, therefore, extends to the whole of France's export effort in Iraq and to its wider relationship with Arab countries.

Saudi Arabia, which has offered to finance the reconstruction of the Tammuz site, is due to receive President Mitterrand in his first official visit to the region starting on September 27.

Mr Aziz also sounded out the French about further arms purchases to replace material lost in the Irak-Iran war. In particular, Iraq is reported to be seeking more Mirage combat aircraft in addition to 60 Mirage-F1s already ordered. Delivery of these was started under the previous French Government, and the Mitterrand administration is committed to honouring all outstanding deals.

M Michel Jobert, the French Foreign Trade Minister, is due *to visit Baghdad in October.*

Colombo defends missile decision

BY RUPERT CORNWELL IN ROME

ANY DELAY in modernising Nato's theatre nuclear weapons in Europe could make Moscow less inclined to start arms reduction talks, and would certainly affect their outcome unfavourably.

This was the gist of a lengthy speech yesterday by Sig Emilio Colombo, the Italian Foreign Minister, to a special session of the Senate defence commission. It was called to examine the Government's decision to site in Sicily its own allocation of Cruise missiles, and to consider the U.S. announcement that the neutron weapons programme will go ahead.

Sig Colombo confirmed that the 112 Cruise missiles would not arrive in Italy until 1984 and that it would take six years to complete the facility in Sicily.

He insisted, however, that recent signs of a greater Soviet willingness to negotiate on arms stemmed in good measure from Nato's determination to press ahead with its modernisation plans, of which the development in Sicily is an important part.

Although Parliament has agreed for the new weapons to be sited on Italian soil, the Government is pressing for a speedy start to negotiations between the super powers, which, if successful, could render the modernisation programme unnecessary.

This strategy is vigorously opposed by the opposition Communists and left-wing Radical Party, as well as by a minority of the Socialist Party, which is part of the coalition Government.

They want all preparatory work in the missiles stopped, pending the outcome of new negotiations with the Soviet Union on overall arms reductions.

The general unease about resumption of the arms rate has been amplified by the neutron weapons decision, as well as the dogfight between U.S. and Libyan jets less than 200 miles from where the Cruise missiles will be based in Sicily.

Sig Colombo expressed Italy's concern at the episode but insisted that the missiles in Sicily would not be a threat to Mediterranean countries outside Nato—which, in any case, were also vulnerable to the Warsaw Pact's SS-20 missiles based in Europe.

Washington's decision on neutron weapons was a U.S. internal affair, he said, and they could only be deployed in Europe with the agreement of the allies concerned.

Sig Colombo believed the decision had been taken because the neutron bomb was an effective defensive weapon and because its existence would make it easier to start negotiations on arms reductions "starting from a position of broad balance with the Soviet Union."

Spain acts over oil scandal

By Robert Graham in Madrid

THE SPANISH Government yesterday created a senior government post with responsibility for consumer affairs because of rising public concern about the lack of consumer protection. Sr Martinez de Genique, a former Agriculture Minister, is to take the position.

Since May, 98 people have died after using adulterated rapeseed oil and almost 12,000 have been taken to hospital. The scandal has accelerated a move towards consumer protection which had been in the Government's mind for some time.

Sr Antonio Garcia de Pablos, a lawyer and one of the chief campaigners for consumer protection, this week met Sr Leopoldo Calvo Sotelo, the Prime Minister, underlining his anxiety about the lack of Government response. He told the Prime Minister he was seeking damages of Pta 2bn (£10.9m) for some 1,300 victims of the adulterated oil whom he is representing.

The deaths are continuing, and the administration is being criticised for its tardiness in stopping the distribution of adulterated edible oils. Some 17 brands of edible oil, often masquerading as olive oil, are said to be toxic, and people have been advised not to touch them.

● The consumer price index rose 1.9 per cent last month, pushing the rate of inflation for the year near 15 per cent. This sharp July rise is an unwelcome sign for the Government that its intention to keep the inflation rate below 13 per cent this year is becoming remote.

Doubts linger over Mitterrand's nationalisation plans

BY DAVID WHITE IN PARIS

THE MOMENT of thruth is fast approaching for shareholders of companies on the Mitterrand administration's nationalisation list.

Government-appointed inspectors have spent a busy four weeks at the big banks and industrial groups doing the groundwork for the final, detailed takeover plans. Chairmen were lobbying ministries for weeks before that in the hope of lessening the impact. Shareholders have formed defence groups. But legislation is due for the autumn session, which means it has to be in print when parliament is recalled early, on September 8.

An interministerial committee was meeting for the sixth time yesterday. Some idea of the details has already leaked out and some points have taken longer to work out than planned.

Doubts still prevail on the extent to which nationalisation will affect subsidiaries and minority holdings. This, along with worker participation in state enterprise, was what the Union of the Left split up over when it tried to update the nationalisation programme four years ago. Before the recent elections there was no such debate, but the Communist Party and its union allies have since made warning signals about what they expect.

A question hangs over how many small independent banks (20 or 50?) will join the foreign-owned and co-operative banks in escaping the State's otherwise sweeping takeover of the already highly-nationalised credit sector.

Uncertainty also remains on details of compensation, which under the constitution must be "equitable." In particular there is the problem of terms for foreign shareholders, who in the case of the five top industrial combines—Thomson, CGE, St. Gobain, Pechiney and Rhone-Poulence—have the option of staying in or selling out to the State.

Nationalisation of three groups with major foreign shareholders — Cii Honeywell Bull, in which tehre is a 47 per cent U.S. interest, the Hoechst subsidiary Roussel-Uclaf and ITT-France—has been put off for later discussion. There, the government is anxious to keep the foreign partners

For the rest, the main direction of nationalisation has been beyond discussion since Prime Minister Pierre Mauroy announced the Government's programme to parliament on July 8. Company chiefs, who earlier had begun attacking nationalisation as "useless," "absurd" and "dangerous" have become more diplomatic. But some have carried on with discreet off-the-record campaigns.

Many questions remain to be answered about the Government's nationalisation plans, including how the compensation could be paid, to what extent subsidiaries will be affected and what will happen to foreign interests.

They are worried about a brain drain: international corporate headhunters appear to have opened a special hunting season in France this year. More than anything, they are concerned about the impact of nationalisation on foreign links, especially in the banking sector. Paribas, for instance, has warned that one of its biggest investment projects in recent years, a two-pronged joint financing venture with Saudi Arabian interests, may be jeopardised by the state's takeover.

Paribas and Suez, the banking-industrial groups which with their widespread holdings were two cornerstones of France's pre-Socialist economic edifice, are giving the new Government its biggest nationalisation headache.

With the industrial groups, there is a short-cut solution to the issue of which subsidiaries should be taken in. The approach the Government is thought to have adopted is just to take over the parent companies, with their holdings as they stand, to be increased if necessary later on. This would ensure, for instance, control of Alsthom-Atlantique, one of the companies most heavily involved in the nuclear industry; since the 1977 Common Programme of the Left it has become a majority-controlled subsidiary of CGE.

Exceptional special arrangements are likely to be made just for Thomson-CSF, in which the Thomson group does not have the majority holding but which is considered "strategic" not only for its civil electronics side but for its big military side (missile-guiding systems, etc).

With groups like Suez and Paribas matters are more complex. Their merchant and retail banking arms are down for certain takeover. In keeping with the Government's pledge to avoid "creeping nationalisation" and to keep its cards on the table M Mauroy said their industrial shareholdings would be sold off to the private sector. With Suez this includes a number of big shareholdings, with Paribas a more widely spread portfolio.

Two questions were immediately raised. Could the stock market, in its present state, stand having all these shares on offer? Could those companies which depend on their links with the big financial groups stand the break?

A counter-proposal was tentatively put forward for Paribas. The industrial interests might be kept in a holding unit under private control; the holding unit might have a minority share in the bank, keeping up the current privileged links and it might even keep the bank's interests overseas

The compromise now thought probable is a system grouping the holdings in mutual funds, quoted on the stock market, possibly according to sector rather than according to their previous owners. Exceptions might be Suez's holding in Lyonnaise des Eaux, a water utility, and Paribas' recently-acquired indirect controlling interest in Empain-Schneider, again a key part of the nuclear industry.

Will similar schemes be proposed for other mixed banking-industrial groups? Banque Rothschild, smaller than the other two and more concentrated on banking, made an apparent bid to pre-empt the Government's decision by restructuring itself in such a way as to keep its non-banking interests—mining and other—apart from the rest and possibly apart from nationalisation. The Government, whose approval was needed, decided to sit on the scheme.

For Government hardliners especially and, it is thought, for the President himself, these groups are symbols. Breaking their power is as much part of basis dogma as nationalisation itself. According to a book published in 1977 by M Francois Morin, an economist now on the Government's study team, a quarter of France's total productive potential at the time was controlled by 31 financial groups, 12 of them predominantly banking groups. Nationalisation will bulldoze this structure.

The merchant banking groups are not the only ones to have been manoeuvring to try to keep up valuable links. Matra, whose arms side is slated for immediate takeover along with the (already part-nationalised) Dassault aircraft group, has proposed a compromise that would leave it a significant stake in the state-controlled missiles branch. Arms are the lifeblood of its research effort.

There remains the compensation issue for which the principles may already have been decided. The cheapest way — to offer non-voting shares — appears to have been discarded since it does not secure "irreversible" takeovers.

Cash payment is out. An informed guess as to the cost is FFr 20bn — close to £2bn. This leaves long-term state bonds. Here there is a choice. One the one hand, fixed or indexed interest rates. On the other, remuneration geared wholly or partly to performance. The first, with interest rates where they are, would be costly. The second would go down very badly with the bourse, although in the postwar spate of nationalisations, power and gas shareholders did rather well out of this kind of system.

The Government has said the price base for compensation will be calculated over a long period, taking into account perhaps five years' stock market performance. Differential treatment is understood to be planned for big, small and foreign shareholders, but the latter may not be happy with French state paper.

Nationalisation does, of course, raise a lot of other questions. How will industrial structures change. How will foreign partners react? Will foreign shareholders want to stay, given the profit record of nationalised companies? What will the implications be for French investment overseas? What will they be for foreign investors in France, in sectors where they compete with nationalised companies?

For these questions, the moment of truth will not come so soon.

Greek election expected on October 18

By Our Foreign Staff

GREECE is expected to hold general elections on October 18, a date agreed between Mr George Rallis, the Prime Minister and Mr Andreas Papandreou, the Socialist leader.

Opinion polls show it will be a close-run contest as many Greeks want a change after seven years' rule by the New Democracy Party.

The party leaders met Mr Constantine Karamanlis, the President, yesterday to tell him of their agreement. Parliament is expected to be dissolved imindiately and Mr Rallis to form a transitional administration to rule until the elections. Under the constitution these elections muts be held by the end of the year.

Mr Papandreou is calling for a "change in Greece's pro-Western policies and socialisation" of the economy.

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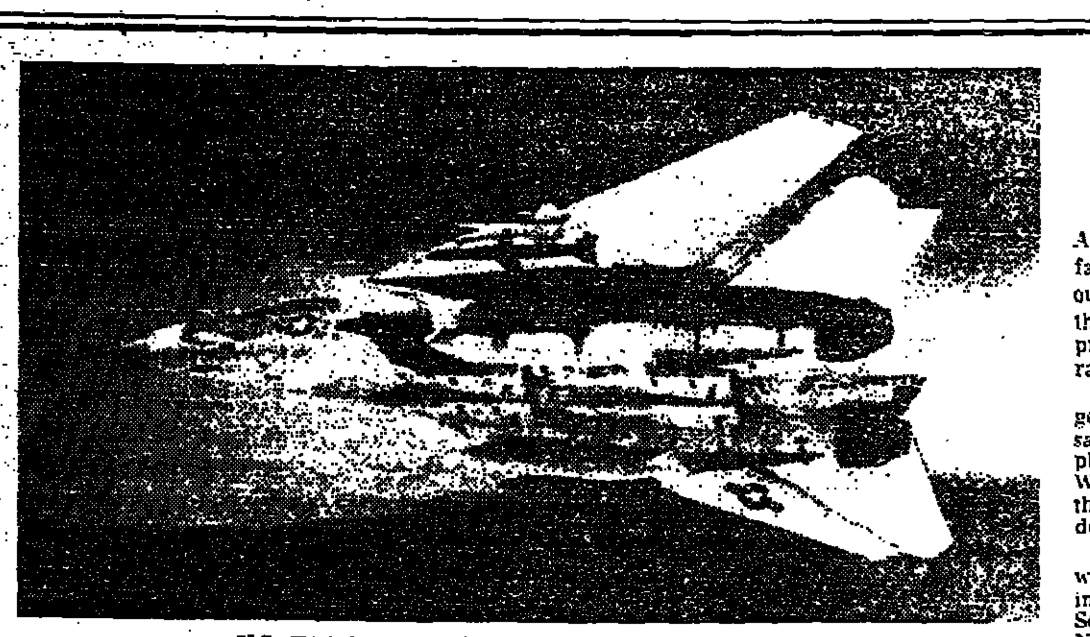
Libyans grumble at Gadaffi's revolution

BY PATRICK COCKBURN



U.S. F-14 fighter equipped with three types of missile

COL. GADAFFI'S Libya has always had a taste for melodrama. With his attempt to persuade the captain of an Egyptian submarine to torpedo the QE2 in the early 1970s and last year's invasion of Chad, the country's leader has always carried out his policies with a panache guaranteed to attract headlines throughout the world.

It is ironic that in President Reagan he appears to have encountered a foe with an equal liking for heroic—if potentially dangerous—gestures.

In Col Gadaffi's case, his occasional terrorism and fondness for bloodthirsty rhetoric is backed by the frustration he has always felt in trying to carry out grandiose pan-Arab schemes with inadequate means.

Despite its oil wealth Libya has a population of under 3m, concentrated in the capital Tripoli and in Benghazi on the other side of the Gulf of Sirte, where two Libyan jets were shot down this week.

It would have been easy for Col Gadaffi simply to meet the material needs of Libyans when he started to force up the price of oil in 1970, following the coup in which he had overthrown King Idris.

The revolution was bloodless, popular and provided a prosperity that Libyans had never seen before. In the late 1940s one of the country's largest exports had been the sale of scrap metal from the burnt out hulks of German and British tanks abandoned there in the Second World War.

This was not good enough for Col. Gadaffi. He is by origin a Bedouin and has never looked happy amid the pretty Italian buildings of central Tripoli

Many Libyans were happy to live with his radical rhetoric while continuing to act as agents for foreign companies and rent their houses for large sums to expatriate businessmen and workers.

To combat this, popular committees were formed, rather like China during the Cultural Revolution, to be replaced by more militant revolutionary committees in 1979. Foreign travel was restricted and the activities of small traders gradually abolished. Bank deposits had already been limited to £15,000 worth of dinars in 1978. A new currency was introduced to prevent hoarding.

Col. Gadaffi resigned as head of state and all other positions to discourage elitism and devote himself to "revolutionary work." Authority was handed to people's committees, the extent of whose authority is unclear.

At the General People's Congress in January this year, oil, internal security, foreign affairs and atomic energy were all specifically excluded from the popular committees' control.

The results of these innovations have been disappointing. Popular spontaneity is lacking. The conscription of the young into the army for political as much as military training is generally disliked.

The Libyan leader has had difficulty in putting anything in the place of the old institutions he destroyed. It is hard to avoid Libyans who grumble in the streets of Tripoli at what is happening. But there is as yet little sign that their discontent will harden into popular revolt.

On the contrary, the shooting down of two Libyan aircraft and the U.S. naval manoeuvres being carried out not far from the Libyan coast are likely to consolidate support for Col. Gadaffi.

For years he has been frustrated by Libya's distance from what he considers the main battle ground between the Arabs and their enemies on the borders of Israel. With the appearance of the U.S. Sixth Fleet off Libya's shores, he can now claim that his country is well and truly in the firing line.

Washington brooks no interference

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

AMERICAN jingoism, never far below the surface, has burst out delightedly at the news of the country's muscular air prowess over the Mediterranean.

"I do like to see our pilots getting combat experience," said a young man who telephoned the Financial Times Washington office shortly after the two Libyan aircraft went down.

"No puppet dictator in this world is going to decide what's international waters," said Senator Warren Rudman, a New Hampshire Republican. "They got precisely what they deserved." A veterans' meeting on Wednesday night gave a standing ovation to a smiling Mr Caspar Weinberger, the Secretary of Defence.

But not everyone in the country is over the moon. The New York Times, in a sober editorial, warned that it did not automatically follow that President Ronald Reagan would win the benefit of any doubts that might arise about the incident—not from a generation that remembered maritime milestones like the Bay of Pigs and the Gulf of Tonkin. It hoped there had been "no trace of deception" in the U.S. account of the incident.

Two other aspects of the affair have caused concern, at least among the Reagan Administration's opponents. First, why was the President the last senior member of the Administration to know about the attack? He was not told until six hours later, by which time many Americanse were already fully aware of it from their breakfast television screens.

Second, and potentially far more importantly, what about the 2,500 Americans still in Libya? Was no consideration given to their possible fate?

If there is an immediate lesson to be drawn, it is that the Reagan Administration has again shown itself tough and uncompromising when it sees a need to defend U.S. interests.

The message to the world is that nothing, and no one, is going to be allowed to stand in the way as America regains its role of number one superpower.

The Europeans have difficulty with a decision to go ahead with neutron weapon manufacture? Sorry, they do not have a veto over U.S. arms decisions. The budget may not easily be able to cope with the scale of the arms build-up? We go head, regardless of the cost.

The Israelis step out of line? They get publicly punished, not too severely perhaps, but enough for it to hurt. President Reagan will go to the North-South summit in Mexico, but not if Fidel Castro is there. The Mexicans are obliged to tell Mr Castro he can't come.

And finally, of course, there is still fairly persuasive answer to any criticism. This is what the American people voted for.

Concern and condemnation from Arabs

BY ISHAN HIJAZI IN BEIRUT

ARAB REACTION to the air battle between U.S. and Libyan fighter jets over the Mediterranean on Wednesday has been a mixture of consternation and condemnation.

At the same time, the pact Col Muammar Gaddafi has concluded with the Marxist regimes of South Yemen and Ethiopia has provoked disapproval.

After strong criticism of the U.S. by Palestinian guerrillas and Lebanese Left-wingers, the authorities here were reported to have doubled the guard at U.S. establishments in Beirut.

Mr Yasser Arafat, Palestine Liberation Organisation chairman, said the shooting down of the two Libyan jets was an act of aggression against the entire Arab nation.

Statements condemning the U.S. and expressing solidarity with Libya have come from most of the guerrilla groups, and from Syria and Algeria, Libya's allies in the Arab "Confrontation and Steadfastness Front," which also includes South Yemen and the PLO.

The hardline Popular Front for the Liberation of Palestine called for an emergency summit by the Confrontation Front to deal with "American conspiracies."

The conservative Arab regimes have shown concern over the pact Col Gaddafi signed with South Yemen and Ethiopia. A Saudi newspaper, the English-language daily "Arab News," carried a cartoon featuring the three leaders forming part of the hammer-and-sickle flag of the Soviet Union.

A Gulf newspaper, Al Khaleej, said Col Gaddafi sought co-operation so far away from home because he could not get it from his immediate neighbours.

Louis Fares in Damascus adds: Syria strongly condemned the American shooting of the two Libyan jets yesterday, saying that it considers American aggression against Libya as the same as a direct attack on Syria.

Damascus radio bitterly criticised Arab states who have remained silent over the incident and "who still call for U.S. neutrality in the Middle East conflict. America is the Arab's number one enemy and should be treated that way."

Fire breaks out in Kuwaiti oil tanks

BY JAMES DORSEY IN KUWAIT

SOLDIERS and firemen were last night battling to bring under control a serious fire in three huge oil storage tanks near Kuwait.

Kuwait oil industry officials fear that the fire in the Shuaibah industrial area may spread to four other tanks filled with kerosene. The blaze broke out on Wednesday night.

The three burning oil tanks, which belong to Kuwait National Petroleum Company (KNPC), contained naphtha, an easily inflammable light distillate. The three tanks lie in an area between the Mena Abdullah refinery and the Shuaibah South power station. Some Kuwait officials claim that parts of a petrol processing plant have also been damaged but this had not been officially confirmed last night.

Kuwait's Crown Prince and Prime Minister Sheikh Saad Al Abdullah and other senior officials rushed yesterday to the scene of the fire, which was closed off to the public. A heavy desert wind was believed to be increasing the risk that the four untouched oil storage tanks may be in danger. Oil officials said that it would take at least another day or two before the fire was brought under control.

Two hospitals in the nearby industrial city of Ahmadi were put on full alert, but Kuwait's news agency, Kuna, reported that only one person was seriously wounded.

Kuna further quoted reports denying that an explosion in one of the oil tanks had preceded the outbreak of the fire.

Kuwaiti officials were yesterday refraining from comment on possible causes of the fire —believed to be the biggest in the history of the Kuwaiti oil industry. Kuwait's Minister of Public Health and Acting Minister for Cabinet Affairs, Dr Abdul Rahman Al Awadh, promised a thorough investigation.

Guards fight pitched battle in Tehran

BY TERRY POVEY IN TEHRAN

IRANIAN revolutionary guards and anti-Khomeini guerrillas fought a seven-hour pitched battle in a crowded Tehran suburb yesterday which ended when up to 500 revolutionary guards were used to kill a handful of guerrillas under siege in a house.

The siege of the modest three-floor house in which the Mojahedin guerrillas had been hiding began at 7 o'clock on Thursday morning. An official from the local revolutionary committee said that two people leaving the house had been arrested. "Then the shooting started," he said.

Attempts to storm the building failed, resulting in the death of four revolutionary guards and injuries to a further 10. The bitter end to the siege came early in the afternoon when an anti-tank missile was fired point-blank at the windows of the house.

By this time, all the guerrillas remaining in the building were thought to be already dead. Six, several of them injured, were reported to have been arrested and four were said to have died.

Security forces later searched the building and removed the bodies. Outside in the street a small crowd gathered. One young woman, when asked what the local reaction was, said: "What could we do, we don't have any guns. We can only watch and hate."

Older women in veils watched officials filming everything that came out of the building. One woman mumbled prayers as a small body shrouded in a chador was brought out

Local officials were convinced that the house had been a major radical Mojahedin centre. "Now that we have stamped this one out, this whole area should be free from their attacks," said an official.

The violent anti-regime campaign began in Iran in late June. Although many leaders and even more supporters of Ayatollah Khomeini's Islamic Republic have been assassinated or injured in attacks across the country, the effectiveness of the opposition's hit and run tactics appears to be diminishing.

With the bombings now almost at an end, larger scale and more orthodox military-style attacks on the security forces appear to be planned. But Ayatollah Khomeini's Iran has up to date demonstrated powers for survival way beyond the capacities expected by any of its opponents.

Legal row over fate of hijackers

By David White in Paris

FRANCE sailed into still deeper and murkier waters over the Iranian gunboat hijack yesterday: deeper because of Tehran's mounting diatribes against Paris, murkier because of a complex legal wrangle over whether the hijackers should be tried.

The 22 men who seized the French-built gunboat off Spain a week ago and four members of the crew who chose to follow them spent yesterday at a police instruction centre outside Paris. The hijackers, members of a monarchist group, were questioned at length.

The Foreign Ministry said no decision had yet been taken on political asylum for the men, but they are not to be expelled or extradited to Iran.

In Tehran yesterday the Iranian government warned that French ships in the Gulf might become vulnerable to piracy.

The gunboat Tabarzin, which was on its maiden voyage under Iranian flag with two sister vessels when she was seized, was yesterday being inspected at a naval shipyard in Toulon.

U.S. hopes to supply nuclear fuel to Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE U.S. is hoping to become a reliable supplier of nuclear fuel to Brazil.

In a statement which forms part of a serious effort by Washington to re-establish good relations with a one-time close ally in Latin America, Mr Thomas Enders, the U.S. Assistant Secretary of State for Latin America, said in Sao Paulo on Wednesday that he believed the two countries shared a common concern to maintain controls on "the flow of nuclear material."

Relations between the two countries were severely strained under the Carter Administration, when Washington made strenuous efforts to halt or at least to limit a wide-ranging nuclear agreement between Brazil and West Germany.

Brief discussions on the resumption of U.S. fuel supplies to Brazil were held in Brasilia earlier this week at the start of a visit by Mr Enders.

Obstacles still appear to be present, presumably over the question of safeguards. Brazil's first nuclear power station—a 626 MW unit supplied by Westinghouse—is due to start operating at the end of this year. Its initial fuel supplies were delivered last year under the terms of an agreement between the U.S. Department of Energy and Furnas, the Brazilian state agency.

Mr Enders said the U.S. believed that the goal of preventing the proliferation of nuclear weapons could well be served if the U.S. was "a reliable supplier of nuclear material."

The main purpose of his visit —the first high-level contact between the two countries since President Reagan took office— has been to explain U.S. policy in central America and the Caribbean and to improve mutual understanding on security issues in the south Atlantic.

Mr Enders has been at pains over the past few days to deny any suggestion of a south Atlantic military pact, a proposal which has caused alarm in Brazil.

● AP reports from San Jose, Costa Rica: Mr Enders will meet the five central American foreign ministers next month in San Jose to discuss a plan to revitalise the area's sagging economy.

A U.S. Foreign Ministry bulletin said the foreign ministers of Mexico, Canada and Venezuela, which back the plan, have also been invited to the meeting. The bulletin said Costa Rica is similarly suggesting that economy ministers from the five countries accompany the foreign ministers from Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

Chicago hits cash problems

By David Lascelles in New York

CHICAGO, which badly needs money to keep its hard-pressed city transport system running, encountered fresh problems this week when it was forced to postpone a $140m (£77m) bond issue to raise capital.

The postponement was blamed partly on high interest rates, which have wreaked havoc with the U.S. bond market. The municipal bonds market has been especially weak as a result of the Reagan economic programme.

Interest on municipal bonds is exempt from Federal income tax—a privilege instituted many years ago to aid municipal services. However, the cuts in income tax by the Reagan Administration have reduced the appeal of tax-exempt income, and therefore the incentive to hold municipal bonds.

At the same time, the Administration's cuts in Federal subsidies to local authorities have put severe pressure on municipal budgets, forcing them to borrow more on the open market.

These twin developments have tipped the municipal bond into near crisis. Earlier this week, yields on tax-exempt securities hit record highs and traders said there were virtually no buyers.

Chicago's plight highlights what are expected to be mounting municipal financing problems in coming months. The city's bond issue also ran foul of legal obstacles concerning the status of the Chicago Transit Authority (CTA), for which the money is being borrowed. Although the CTA is a city agency, it was actually created by the state.

Playing for high stakes in a bitter air strike

BY DAVID BUCHAN IN WASHINGTON

BY A relatively close 51 to 40 per cent, a majority of Americans sympathises more than the Reagan Administration than with the air traffic controllers in their present bitter dispute, according to Mr Louis Harris, the pollster, in a survey released yesterday.

The Administration and the striking Patco controllers' union — with AFL-CIO federation anxiously biting its nails on the sidelines — are watching keenly to see which way the public tide is running. In fact, the public's reaction to the dispute is so complex that both protagonists could draw comfort from the Harris poll.

Sixty-nine per cent of those surveyed believed President Reagan was right to fire controllers who broke their public sector oath not to strike. But an almost equal majority — 63 per cent — reckoned that Patco strikers must have had "legitimate reasons" to walk out of the nation's control towers if they were willing to put their jobs on the line.

Everyone knows how high the stakes are. The Administration reckons it has "bested" Patco in the public opinion battle so far, if not yet "busted" it, as iti s seeking to do by trying to get the union legally decertified (which would remove permanently its collective bargaining authority).

But the White House is equally aware that one tragic airline accident, even remotely related to flight control, could swing public opinion sharply against its decision to fire the 12,000 Patco strikers.

That is why it set up two separate studies into air saftey this week, one of them by an international group, specifically to allay foreign worries.

Mr Reagan repeats often that he is not "anti-union" in general. But clearly he would not mind in the slightest if the Patco strike were to turn the country "anti-union." This is precisely the anxiety of organised labour in the U.S., in particular the AFL-CIO, dismayed that a head-strong union has chosen shaky ground to fight a popular, conservative president.

It fears that the bitter Patco strike could encourage a general crack-down by State and local authorities against public sector unions, hitherto the fastest growing segment in the labour movement. They are also concerned that it could accelerate the decline in membership which has slipped to 23 per cent of the U.S. workforce

In a recent interview, Mr Tom Donahue, second in command at the AFL-CIO, put it w ell when he asked the rhetorical question: "Breathes there a city manager with soul so dead that he will not want t olook like a hero when he sees the President of the United States applauded for being tough and closing every door to a settlement in defiance of all the civilised rules of collective bargaining?"

Patco, technically, can shelter under the AFL-CIO umbrella. Somewhat arcanely, it h as a parent, the Marine Engineers' Beneficial Association, which is Affiliated to the federation.

But it is an open secret t hat the federation, and most member unions, are less than enamoured with Patco, which supported Mr Reagan in the 1980 election, and with Mr Robert Poli, the Patco president, who consulted none of his brethren in other unions before calling the strike.

Many blue-collar industrial unions, too, find it hard to identify with the grievances of Patco, whose members earn an average $33,000 £17,800) a year.

Thus, the AFL-CIO has not climbed very far off thefence on to Patco's side. Ithas passed a resolution supporting Patco, its president, Mr Lane Kirkland, has put in an appearance on the Patco picket line and asked his staff to travel by means other than by air, and the federation is contemplating a voluntary fund to help Patco strikers.

But it has made clear that the money would be for individual hardship cases among strikers, not support for the union itself. It is also not encouraging a secondary boycott ilegal under U.S. labour law) of flights.

Real support for Patco would have to come from individual unions, specifically from the pilots who fly the aircraft and the machinists who service them, AFL-CIO officials say. There is no sign of this. This is not very surprising, because such action could lay unions open to the "secondary boycott" charge, and the polits' union has been stung by Patco claims that flying in the U.S. is now unsafe.

Chaos at Heathrow at the height of the strike.

The irony that Patco has drawn more support from controllers abroad than fellow union members at home is underlined by the machinists' refusal to do anything.

In these circumstances, the AFL-CIO is desperately anxious for a quick settlement in the Patco strike. So, apparently, is the American public, by a margin of 71 to 26 per cent according to yesterday's Harris poll.

But the union federation has virtually no lines of communication with the Administration along which to press this message.

California fruit ban dropped

By Our U.S. Editor

JAPAN HAS dropped plans for a total ban on Californian fruit and vegetables for fear of contagion from the Mediterranean fruit fly pest.

After lengthy negotiations with the U.S. authorities, the Japanese Government has agreed to return to the arrangement that existed before it requested the ban—meaning that only produce from areas infested by the Medfly will be banned, leav-

Hong Kong searches for a solution to the problems of success

BY KEVIN RAFFERTY IN HONG KONG

MONEY AND BANKING FIGURES
(dollars HK million)

	June 1981	June 1980	Change %
M1	23,843	22,753	+4.8
M2	108,116	88,486	+22.2
M3	168,667	119,120	+41.6
Banks			
Deposits	99,292	80,781	+22.9
Loans, advances in HK	117,300	73,561	+59.5
Loan/deposit ratio	118.1%	91.1%	—
Average liquidity ratio	47.9%	49.4%	—
Deposit-taking companies			
Deposits	60,551	30,634	+97.7
Loans, advances in HK	39,165	23,021	+70.1
Loan/deposit ratio	64.7%	75.1%	—
Average liquidity ratio	46.4%	44.2%	—
Banks and deposit-taking companies			
Total loans and advances in HK	156,465	96,582	+62.0

THERE IS a growing clamour of voices in Hong Kong demanding that someone puts sanity back into the island's economy. For while property prices soar and credit grows alarmingly, almost every economic indicator spells gloom.

Two recent incidents illustrated the property market's excesses. An hotel site has been sold for a world record HK$2.6bn (£260m), though it will not be vacant until 1983. At the other end of the scale, pigsties have been divided up and let for human habitation at vast expense.

In the face of this, Mr John Bremridge, Hong Kong's Financial Secretary, wants to preserve calm. He believes many of Hong Kong's problems are those of success, not failure, and has resisted pressure to take such actions as to raise interest rates further, step in with direct controls or swamp the market with government-owned land.

Yet a number of the major economic indicators are gloomier than for a long time. Inflation is picking up with consumer prices rising 15 per cent a year, the Hong Kong dollar is weak, unemployment is rising and the trade deficit is widening.

The trade deficit reached HK$10.6bn in the first half of 1981 compared with just over HK$8bn for the same period last year. To make matters worse, Hong Kong manufacturers are increasingly faced with new protectionist measures in the export markets for their goods.

But Mr Bremridge argues that stiff measures are not called for. In his view, although the rate of unemployment is rising, it is still "insignificant" at 4 per cent of the total workforce. Moreover, some companies are short of labour either because they are too far from housing areas or because they do not pay enough.

He also regards the trade deficit as "manageable" and sees the weakness of the Hong Kong dollar as a reflection of the U.S. dollar's strength. Mr Bremridge remains cautiously optimistic and forecasts real growth for the economy this year of 8 to 9 per cent.

But observers are increasingly anxious about the rapid growth in credit and its heavy diversion into the property market. Broadly defined money supply, M3, rose 6 per cent in the month of June bringing the total increase for the previous 12 months to 41.6 per cent. Total loans and advances by Hong Kong banks rose 62 per cent in the same period making the total of loans and advances more than the island's gross domestic product.

The Government seems reluctant to take a firm line because it is worried that it would affect business confidence. "What can we do, we have an economy in which confidence is vital," said Mr Bremridge.

Hong Kong also has limited room for manoeuvre. If the interest rate was jacked up beyond its present 18 per cent, manufacturers would soon feel the pinch and unemployment would increase. Tax rates cannot be raised from the present 15 per cent for income tax and 16.5 per cent corporation tax without affecting the island's attractiveness to investors.

The Government could cut its spending but it has a string of socially important projects underway and is currently flush with money, mostly from land sales. Finally, introducing other forms of credit control would certainly affect confidence

But even if the Government refuses to take any radical measures, it is under immense pressure to tackle the extremes of the property boom. Rents are $30 a square foot in the prime central areas although Mr Bremridge points out that demand for commercial space has slackened in other areas.

There are still large chunks of Hong Kong which have not been fully developed. The Government is pursuing its policy of selling off some of its land in order to take some of the heat out of the property market. But it is reluctant to let the market down with a bang by selling land off too quickly.

Mr Bremridge's policy seems to be to persuade the bankers and financial institutions to direct their lending in a more socially responsible manner. He told a recent meeting of the Hong Kong Association of Banks that although he believed in non-intervention, the banks should show self-control over the creation of credit.

However, given the fierce competition in Hong Kong banking it may prove impossible for the banks to pursue more socially responsible policies. If they don't, it is far from clear what Mr Bremridge could or would do to bring them into line.

Indians to spend £489m on ships

By K. K. Sharma in New Delhi

THE government-owned Shipping Corporation of India is to acquire 47 more vessels by 1985 at a cost of Rs 8bn (£489m).

The corporation, which has 147 ships totalling 3m deadweight tons, plans to introduce a cargo liner service to Latin America now the Indian Government is to intensify export promotion there. Cargo services are already operated to all other continents.

The corporation made a net profit of Rs 170m in 1980-81 after setbacks following the depression in world shipping since 1977-78.

Italian process plant for Egypt

SNAMPROGETTI, the plant process subsidiary of Eni, the Italian state-owned energy agency, has won a contract worth more than $70m (£38.4m) to supply a linear alkyl benzol plant for the Egyptian petrochemical industry, writes Rupert Cornwell in Rome.

The plant, scheduled to start up at the beginning of 1984 with annual capacity of 40,000 tonnes, will be built at Amerya near Alexandria. It will be operated by the Nasr Petroleum Company, a subsidiary of the Egyptian oil concern EGPC.

Main production will be detergents, using as the principal raw material kerosene produced at the Amerya refinery run by Nasr.

Swiss extend loss coverage

THE SWISS Government has extended until at least March 31 next year the foreign-exchange coverage facility within the export risk guarantee system, John Wicks writes from Zurich.

This facility, due to expire on October 1, allows the insuring of certain currency losses resulting from a strengthening of the Swiss franc.

At the same time, time levies are to be trebled and loss coverage lessened. A list is to be introduced showing the share of any foreign-exchange loss to be borne by the beneficiary in the case of individual foreign currencies. (£58m) last year, more than Reuter adds from Berne: The Economics Ministry said the new rules make exporters accountable for up to 5 per cent of net losses incurred, depending on the currency involved. Up to now, 2 per cent of losses remained with the exporter.

Sweden-Maputo trade accord

MAPUTO — Mr Thorbjorn Fälldin, Sweden's Prime Minister, signed trade and co-operation agreements with Mozambique yesterday.

The co-operation agreement is valid for two years and includes a donation of SKr 420m (£43.5m) for energy, agriculture, forestry, education and telecommunications. It will also cover Swedish consultancies and some exports.

The trade agreement gives each country most-favoured-nation status, and aims to promote business agreements between companies and organisations.
AP

Brock says U.S. ready to help settle MFA dispute

BY RICHARD COWPER IN JAKARTA

THE U.S. says it will make a major effort to reconcile differences between the EEC and textile producing countries in the developing world in order to ensure that a new international agreement on textiles is signed.

Mr William Brock, President Reagan's chief trade representative, said in Jakarta yesterday that though the U.S. could survive without a new Multi-fibre Arrangement (MFA) he believed that on balance it would be better for both consuming and producing countries if some kind of compromise was worked out and a new agreement was signed.

Mr Brock said the U.S. would play a leading role in attempting to get producers and consumers to reach a compromise.

"On the Multifibre Arrangement I expressed my belief that some kind of agreement is better than none at all . . . He will have to play a leadership role to make sure that we get one. There are enormous difficulties between the EEC and producers. I hope that the U.S. can act as a bridge between the two," he said.

The current MFA runs out at the end of this year and some 27 producing nations are currently negotiating with industrialised countries on a new round of quotas for textile exports.

The EEC in particular is taking a tough line on imports from what it calls the newly industrialised countries like Hong Kong and South Korea, but new producers like Indonesia (which has already been involved in a major trade dispute with the UK over textile exports), fear the results of what they see as a growing tide of protectionism in the west as industrialised countries move to protect their own textile industries.

Our World Trade Staff add: The initial talks aimed at renewing the MFA ended in Geneva in mid-July with all participating delegations returning to their capitals to restudy their positions. They are to meet again in Geneva for two sets of one-week negotiations starting September 21 and November 30.

Mr William Brock, U.S. Trade Representative

Observers at the talks felt that the U.S. was essential to the conclusion of any multilateral agreement on the MFA. The reason was that U.S. textile-producing companies—rather than those from such developing countries as Hong Kong, South Korea and Brazil—are the keenest competitors to troubled producing companies in Britain, France and Italy.

Iran's first-half imports up 20%

BY TERRY POVEY IN TEHRAN

IRAN'S imports rose by 20 per cent in the first six months of this year compared with the same period in 1980, according to figures from the Customs Organisation.

In the period December 22, 1980 to June 21, 1981 $6.65bn (£3.6bn) worth of goods were cleared by the customs. Expressed in the national currency, the rial, the rate of increase in imports was 30 per cent.

The rial is pegged against the Special Drawing Right (SDR) and has floated down against the U.S. dollar to R82 to the dollar. The rising trend of imports is continuing and in the month ended June 21 reached a post-revolution record of almost $1.7bn.

Mr Javad Bahonar, the Prime Minister, said yesterday that "the shortage of foreign currency" was one of the country's three main problems.

Delays in offloading at the Gulf ports, plus growing difficulties in obtaining demurrage payments, appears to have persuaded many exporters to choose the Soviet route to Iran. This is reflected in an 84 per cent increase in the value of trade entering the four northern ports.

Goods entering Iran via the Soviet Union amount to more than one-fifth of imports, with the Julfa rail terminal accounting for 80 per cent of this. Just over $1.4bn in imports were cleared through these ports in the first six months.

Another factor helping Iran to handle this 6.8m tonnes worth of imports has been the revived use of Bandar Khomeini port (previously Bandar Shahpour).

As fears of air attacks receded, some bulk and fuel carriers have resumed offloading there since the spring. However, only a minority of shipping companies are as yet willing to use these facilities.

With oil exports reputedly at 800,000 barrels a day (b/d), earning $900m a month, imports at this rate must be eroding reserves. Iran also spends some $400m a month on arms purchases and services.

The current year's budgeted income is based largely on average oil exports of 1.4m b/d, a target that looks increasingly unlikely in view of world market conditions and the fact that the Iranian year will soon be half over.

BP and Shell, with combined contracts totalling 175,000 b/d, are among companies reported to be lifting at reduced levels since May. With many contracts due for renegotiation in the next six weeks and with the rate of imports spiralling upwards, a deterioration in Iran's financial position in the coming months would seem inevitable.

BKS wins £2.5m Mideast deals

● AMALGAMATED METAL has announced that BKS Surveys, a company within its industrial division, has recently won contracts totalling over £2.5m in the Middle East.

A major contract—worth over £1.5m—has been awarded to BKS to complete an aerial survey of the entire Emirate of Dubai.

In neighbouring Oman, similar contracts to a value of £1m have been finalised in recent months by BKS's permanent marketing staff in the Middle East.

● A £2m contract for the design, supply installation and delivery of mechanical and electrical equipment for the extension of that Tai Po sewage treatment works has been awarded by the Hong Kong Public Works department to Hutchinson Boag Engineering, the local agents of Hawker Siddeley Water Engineering, of Wokingham. The contract is for extensions to the inlet works and primary and secondary treatment sections of the existing works, which serves the Tai Po New Town. This is one of a number of similar communities being built in the New Territories by the Hong Kong government.

● A £1.25m contract for a wax block moulding, packaging and refrigeration plant has been completed by Simon-Greer of Merseyside, at the Arzew Algeria Refinery of Sonatrach, the Algerian petroleum organisation. The plant consists of a microfine wax processing line consisting of a molten wax depositing, cooling, cartoning and conveying system, with refrigeration services. The contract was awarded by a consortium comprising Klockner of the Netherlands and Foster Wheeler, of Paris.

● Simon-Carves of Stockport, has been awarded a contract valued at approximately £1m for a 200 tons per hour travelling pneumatic ship unloader at the Port of Casablanca. The contract has been awarded by the government-backed Office Nationale Interprofessionel des Cereales et Legumineuses (ONICL) through the Société des Silos Portuaires, as a result of the significant expansion of the grain and oil-seed intake at the Moroccan port.

● Thirty-four ambulances worth more than $1,000,000 (approximately £650,000) have been dispatched to Ghana by Lex Engineering, specialist vehicle body builders. Designed and produced by Lex Engineering at their Totton, Hampshire works, each ambulance, mounted on a Ford Transit chassis has two in-built stretchers with one stretcher capable of being easily converted to accommodate four sitting patients.

HIGHER SOVIET TRADE DEFICIT SEEN

Influx of Western goods up sharply

BY OUR MOSCOW CORRESPONDENT

The sharp rise in trade with Western Europe is apparently a reflection of the determination of Soviet trading organisations to meet targets set by the Government for modernising industry—whatever it costs.

DELIVERIES OF industrial equipment and consumer goods to the Soviet Union are continuing to increase at an aggressive pace despite the U.S. reduction of exports after the Soviet invasion of Afghanistan.

According to the statistical review of the Soviet Foreign Trade Ministry, imports from Western industrial nations rose by more than 20 per cent in the first six months of this year to nearly roubles 10bn (£6.8bn). This compares with imports of roubles 7.85bn in the same period last year.

Since Soviet exports to the west rose at the same time by just 7.4 per cent to roubles 7.3bn, the country is facing a large deficit in its Western trade account this year.

Increased trade was especially evident with Finland, which nearly doubled its exports to Russia from roubles 693m in the first half of last year to roubles 1.25bn this year. Russia's sales to Finland climbed from roubles 830m to roubles 1.16bn. The total trade turnover now makes Finland Russia's second largest western trading partner, a position previously occupied by Japan.

West Germany remained number one with exports to the Soviet Union for the first half of the year at roubles 1.54bn, a slight drop from roubles 1.56bn last year. Russia's exports to West Germany were roubles 1.13bn for the first half, up from roubles 1bn last year.

Trade with Britain also rose from last year's low levels and British exports for the first six months were roubles 630m, with imports of Soviet goods at roubles 348m, a slight rise over last year's first-half figures of roubles 320m.

Other European countries all increased their exports to Russia with Soviet exports weaker in general, with the exceptions of trade with Italy and France.

● Austrian exports to the Soviet Union rose to roubles 258m from roubles 159m, while imports from Russia climbed to roubles 392m from roubles 279m;

● Belgian exports to roubles 288m from roubles 175m and imports to roubles 249m from roubles 401m;

● Danish exports to roubles 159m from roubles 38m and imports to roubles 74m from roubles 122m;

● French exports to roubles 822m from roubles 937m and imports to roubles 1.08bn from roubles 930m;

● Italian exports to roubles 497m from roubles 429m and imports to roubles 1.08bn from roubles 893m;

● Netherlands exports to roubles 334m from roubles 178m and imports to roubles 430m from roubles 566m;

● Spanish exports to roubles 323m from roubles 68.6m and imports to roubles 156m from roubles 103m;

● Swedish exports to roubles 207m from roubles 132m and imports to roubles 93.3m from roubles 142m; and.

● Swiss exports to roubles 297m from roubles 205m and imports to roubles 93m from roubles 142m.

The largest part of Western sales to the Soviet Union are normally industrial goods, but several countries increased their deliveries of consumer items and foodstuffs as well.

Trade turnover with the Comecon countries increased by 16 per cent in the half-year period, due largely to rising Soviet exports. However, this is not seen as being much help to the overall Soviet balance of payments problem since little accounting in Comecon trade is done in hard currency. Business officials in Moscow say that the same applies to Soviet trade with developing countries, which showed an overall rise of 35.5 per cent to a turnover of roubles 7.8bn.

They attribute the sharp rise in trade with Western Europe to the restraint in Soviet trade shown by the U.S. and Japan. They also feel that the accelerated rate of commerce between Europe and the Soviet Union is a reflection of the determination of Soviet state trading organisations to fulfil Government targets for modernising the country's industry, regardless of price.

The current Soviet Five-Year plan (1981-85), adopted at the Communist Party congress in February is now being adjusted prior to approval of a final draft by the Supreme Soviet in October.

The objective of the plan is to meet the needs of the domestic economy in advanced equipment and the latest technological processes in raw materials and manufactured goods.

On the basis of the current trade figures, it appears as if the planning authorities believe this goal can be reached more easily by large imports of industrial equipment from the West, even if it means a trade deficit.

Last minute holiday rush lifts gloom for agents

By Arthur Sandles

A LAST MINUTE rush for holidays abroad has turned gloom into boom for many British tour operators. There has been a "spate of late bookings from people fed up with the British summer," says Association of British Travel Agents' president Mr Ivor Elms.

Most tour companies seem to agree that 1981 has proved a remarkable travel year. There was a huge increase in tour operating capacity (between 20 and 30 per cent among the bigger companies) and a sudden flow of late bookings.

"Holidaymakers who have still to book for this summer will find that the choice is restricted by heavy bookings," says ABTA.

However, it adds, "there are late holidays available in Italy, Malta, North Africa and Spain, including the Balearics, during September."

Last year about 4m Britons took summer overseas package holidays and about 1.75m a winter package. It is now being suggested that the total 1981-82 summer and winter market will approach 7m.

"The figures do not come as a surprise to us," says Mr Elms. "It was obvious when operators launched their brochures in the autumn of 1980 with large increases in capacity, that the travelling British public were not going to let a little thing like a recession spoil their annual trip to the sun."

Recent figures from the Department of Trade showed a 10 per cent rise in the number of Britons going abroad in the late spring. It is now suggested that the rise accelerated as the summer holidays commenced in earnest.

"In July and August many operators were reporting increases of as much as 30 to 40 per cent over the corresponding four-week periods of the previous year and one result has been that there is very little capacity available for those holidaymakers looking for a late bargain."

Interferon man-made by UK team

By Gareth Griffiths

A RESEARCH team from ICI and Leicester University has succeeded in producing artificially a gene that controls the manufacture of interferon, the anti-cancer protein.

ICI said yesterday that research was at an early stage and it was impossible to estimate what the commercial or marketing possibilities might be.

There are several natural agents that control the manufacture of interferon and the man-made process will not displace genetic engineering methods of producing interferon.

Earlier this year Cell-Tech, the biotechnology company set up by the National Enterprise Board and City institutions, described the race to make interferon as "terrifically competitive."

Cetus, the U.S. genetic engineering group, has signed a pact with the Davy group and is considering building a UK plant to produce interferon.

The man-made gene will be tested clinically and it is believed the technique should open up the possibility of finding out a lot more about interferon.

Until now it has been made genetically by isolating an interferon gene in the body, mixing it with bacteria and waiting for the genes to multiply.

The results of the research were published yesterday in the magazine Nature.

Sale of Oxley print group divisions may save 1,000 jobs

BY ROSEMARY BURR

ONE THOUSAND jobs may be saved by the sale of a large part of the Oxley Printing Group. The loss-making printing and plate-making company was put into receivership this week.

After initial investigation into the company, which employs 1,540 people in 13 locations, the receiver, Mr Ian McIsaac, a partner in Touche Ross accountants, said he hoped to find buyers for much of the company.

Mr McIsaac said he had received serious approaches from potential buyers. They were interested in Morrison and Gibb, the Edinburgh-based book-printer, and Carlisle Web Offset, the Carlisle magazine and newspaper company which prints the TV Times, Accountancy Age, General Practitioner and Popular Gardening.

He had received indications of interest about other parts of the business, namely the commercial printing and graphic services. Some of this interest came from the management itself, including some board members.

It was more difficult to assess the prospects for the reprographic companies in London, Poole, Bristol and Birmingham, which employ about 300 people.

Oxley Printing was put into receivership after its bankers, collectively owed about £10m, declined to advance what was described as a further significant sum.

For the year to the end of December 1980 Oxley made a £2.9m loss against a £674,000 pre-tax profit.

Receivers win resumption of limited Ronson supplies

BY JAMES McDONALD

THE PRICE Waterhouse receivers at Ronson Products, the lighter and electric shaver manufacturer, have been able to gain an agreement with some suppliers for a limited resumption of materials to be supplied to the main Leatherhead factory, where 300 production workers out of the 1,000 workforce were sent home on Monday.

Ronson Products, which owes Barclays Bank nearly £9m, is a subsidiary of the Ronson Corporation of the U.S., which has been unable to help its British subsidiary.

It is understood that the Ronson factory at Leatherhead, Surrey, has an order book worth about £4m, but it has been unable to service these orders since February because of acute cash flow difficulties and the reluctance of suppliers to bring in more goods. About 40 per cent of the order book is for exports.

It is understood that one of the receivers was also talking yesterday with several people interested in buying part of Ronson's UK operation.

These comprise the main Leatherhead lighter factory, a North Shield's Tyne and Wear, electric shaver plant employing about 250, and several shops and repair units.

The Finance Corporation for Industry, part of Finance for Industry, backed by the clearing banks and the Bank of England still trying to set up a rescue operation for part of Ronson's operations in Britain.

Organ maker bought

BY LISA WOOD

MARLBOROUGH ORGANS, the only UK-owned maker of electronic organs, has been bought by a Midlands electronics makers after going into receivership in April.

Vanderhoff International, of Nuneaton, which specialises in making electronic equipment for the telecommunications industry, said the acquisition would broaden its products range, especially in the leisure market.

Marlborough, which started making organs in 1978 for a market dominated by Japanese and American producers, received £250,000 from the Industrial and Commercial Finance Corporation, one of the big clearing banks taking part in the financial deal.

However, delays this year in starting the Government guarantee scheme for small business bank loans, which was announced in March but not operational until June, badly affected Marlborough.

Vanderhoff, which is building a factory for organ production, intends to produce 2,000-3,000 a year.

Dunfermline to have second valve plant

By Lisa Wood

A FACTORY expansion in Fife costing £7.5m, by the American engineering company, TK Valve, will bring 300 new jobs to Dunfermline. The company, which makes valves for the oil and gas industries, already employs 250 in the town.

Dunfermline was chosen for a second factory in preference to sites in Singapore, Taiwan and Australia.

Mr Tim Tompkins, the company's vice-president, said productivity at Dunfermline was better than could be achieved by the Japanese, Americans or continental Europeans.

About 75 per cent of the company's £15m a year output is exported to the Middle East, Africa, and the Far East.

● R A Lister, the Gloucester based diesel engine manufacturer, has taken on more than 100 workers at its three factories following an improvement in overseas orders.

● Full-time working for the 150 employees of Brevitt's, the Northampton-based shoe manufacturer, has been guaranteed with the winning of a $500,000 (£275,000) American order for its "Walkies" range.

● More than 60 workers will lose their jobs when the David Scott Company closes its shoe factory at Wellingborough, Northants, next month.

Warning of jobs risk at Lucas

By Arthur Smith, Midlands Correspondent

LUCAS ELECTRICAL has warned leaders of the 13,000 strong workforce that further redundancies may be necessary. The company has cut more than 5,000 jobs over the past two years.

Mr Keith Wills, the general manager, has said further rationalisation is likely. The company blames the international recession and the continued decline of the UK vehicle assembly industry.

A substantial proportion of the electrical components are exported and Lucas maintains the strength of sterling is a handicap against European competitors.

Union leaders fear the job cutback could involve not only jobs but also closure among the company's 15 plants in the West Midlands.

Gandalf to build £1m Warrington plant

BY RHYS DAVID, NORTHERN CORRESPONDENT

GANDALF Data Communications, Canada's biggest maker of digital data communications equipment for the computer industry, is to invest £1m in a new factory in Warrington new town. The development is expected to create 100 jobs in the next two years.

The new factory and offices, with 32,350 sq ft of floorspace, are to be built on the Grange employment area, by next February.

The company, under the name of Gandalf Digital Communications, opened its present offices and factory in Warrington, employing 40 people, two years ago. Since then sales have increased from £500,000 to £2m, and are expected to double again next year.

● Elsewhere in the North, Grorud Jenvare, a Norwegian company, has said it will take over the 75,000 sq ft former Cumberland Fibres factory at Castleside, near Consett, creating 90 jobs.

Its British subsidiary, Code Design, will move there from Bracknell, Berks.

The company makes window and door furniture for the building trade.

● Ward and Goldstone has purchased the former Vanda factory of about 100,000 sq ft at Gillbrands, Skelmersdale.

The company will convert and equip the factory for use by its wholly-owned subsidiary Salford Plastics to expand thermo-plastics operations.

BSC Industries looks for partners

BY LISA WOOD

BSC Industries, the steel corporation's subsidiary set up to attract jobs to steel-closure areas, is trying to involve more organisations in its activities.

The company is approaching other industrialists and local authorities to support schemes to build industrial estates and steer industries to areas in Wales and England.

"Until now most of the work has been done by ourselves. But we cannot go on for ever, so it is essential we get other people involved," said Mr Tom Young, the deputy chief executive of BSC Industries. "It is not our wish to pull out of the job creation work but we have to accept that BSC funding can not go on forever."

He said BSC would continue to support groups which might take over its work, instead of having a leading role, however, it would play a lesser part in the operation.

The move was attacked by Mr Morris Hughes, chairman of the Shotton unemployed steelworkers branch of the Iron and Steel Trades Confederation.

He said, "We are very concerned at this move. When the end of steelmaking was proposed at Shotton BSC gave an assurance it would do everything possible to help create alternative jobs. This must continue."

Routing cash aid to stranded travellers

BY RAYMOND SNODDY

NOW IS the time when parents of teenagers receive plaintive "help" messages from their offspring caught cashless in Casablanca or moneyless in Marrakesh.

But for the first time since the last century travellers whose bangers will go no further or who have fallen among thieves will not be able to receive urgent assistance via the British Post Office.

In May, in a little noticed cut in its services the Post Office abandoned its rapid service for telegraphing funds all over the world.

The Post Office says it had to drop the service because of "rapidly diminishing use and rapidly rising costs." When it ended the charges were £6 for every £50 transmitted.

The Post Office does, however, still send money to individuals abroad—by National Girobank—although the process is more likely to take a week than a day.

By filling in an application form at any post office and paying a standard fee of £3.50 money can be sent abroad.

The application form's first journey is by mail to National Girobank headquarters in Bootle to be processed. It is then sent on its final journey by airmail.

The delay before receipt, the Post Office agrees, could be one week or two, depending on the quality of the postal service at the other end.

Recently Mr Pat Russell, a London technical writer, received an appeal for help from his two teenage sons who had run out of money near Madrid after their car had blown a gasket.

He hurried to a central London post office to telegraph money urgently, only to be told that the service was no longer available. He was infuriated by what Girobank had to offer.

"It is fraud to charge £3.50 to have a clerk put a piece of paper in an airmail envelope. I can put things in envelopes myself. Is this the new 20th century way of transferring money?" he asked.

According to Mr Russell he was advised by counter clerks that it would be much quicker and cheaper simply to shove some cash into a registered envelope and post it himself.

For those who have National Girobank accounts, however, the operation is more simple. With a cheque guaranteed card £50 can be sent with a minimum charge of £2.50 and a maximum of £50, Girobank Postcheques can be cashed at 80,000 post offices in 24 countries.

However, there are several alternatives to the Post Office. Barclays Bank, for instance, has an international money order system for transferring amounts up to a maximum of £500 or $1,000. The orders are on sale at most branches for 60p—although purchasers have to take them away and provide their own airmail envelope.

For the really urgent case most of Britain's main banks, including the big four, operate the Swift system of money transfer.

Vauxhall unions prepare to hear details of job cuts

BY JOHN GRIFFITHS

VAUXHALL unions meet management today for further talks on plans to shed a further 1,470 jobs on top of the 6,000 already lost this year. The unions are expected to stress that they will fight any cuts.

The unions expect to be told of where the cuts will fall. Most are expected to involve clerical staff and "indirect" production workers.

The company has said it hopes to achieve the redundancies voluntarily, but will enforce them if necessary.

In informal talks with the workforce, Vauxhall has indicated that even with the extra 1,470 redundancies, announced las month the company is still over-manned by 800 production workers.

However, it has told them that this slack should be taken up as new products come on stream. The J-car, to be launched next week, started coming off production lines at Luton, Bedfordshire at the beginning of this week and assembly of the Astra small car is to start at Elesmere Por Cheshire, in November.

The latest redundancy programme is designed to allow Vauxall and Bedford plants to return to full-time working. They have been on short-time for most of the year, although the Luton plant is fully employed with the J-car.

The Dunstable, Bedfordshire, truck plant, badly hit by the recession in commercial vehicles, is expected by unions to remain on short-time until the end of the year, inspite of the planned cuts which are largely centred on this plant.

Mr Ferdinand Beickler, Vauxhall's chairman, stressed his hope this week that Vauxhall, which lost a record £83.3m last year, would be able to record a trading profit next year and a net profit in 1983.

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Mr Beicker sad that within a year, Vauxhall's productivity should be matching Opel, its West German sister company. The German concern was still 50 per cent more efficient, but there had been a dramatic improvement at Vauxhal since 1979, when Opel's plants were up to three times more efficient.

A Legion of activities to help the ex-servicemen

The Royals

Royal British Legion

by John Griffiths

JUMP INTO a taxi in London and you stand a one in three chance of your cabbie having been trained by the Royal British Legion. This year's roll of Outward Bound course students contains a substantial number who are taking it only through the good offices of the Legion. And one of the United World Colleges scholarships will have been funded again this year from the Legion's headquarters in Pall Mall, London.

These are its more peripheral activities. But they help to illustrate that the Legion, born out of post World War II disillusionment with Lloyd George's promised "Land fit for Heroes" and now in its diamond jubilee year, is not all it might appear to be.

Air Vice-Marshall C. G. Maughan, who has headed the Legion's executive as general secretary since retiring from the RAF three years ago, admits readily: "We've got a very old-fashioned image. Many think of us just as old boys marching to the Remembrance Day parades then going back and drinking in the club."

The reality is far different.

Over its 60-year history (it gained its royal prefix on its 50th anniversary in 1971) the Legion has accumulated 18m people towards whom it feels it has a responsibility — 9m ex-servicemen and an equal number of dependents.

Barring another major conflict, those responsibilities can be expected to peak over the next few years as World War II veterans enter thir 60s and 70s. Increasing numbers of them inevitably will seek shelter under the benevolent umbrella the Legion has long held over survivors of the 1914-18 conflict. The taxi school, at Brixton, London, was first set up as a job outlet for the demobbed.

Not that the disabled, elderly and infirm who need the Legion's help most are confined to those from the two world wars. Only one year has passed this century (1968) when a UK serviceman has not been killed in action. There is a small but steady stream of men who have seen service in Northern Ireland who seek out the Legion's help.

In any year it hands out £1.5m cash help to those in need. And those payments are extremely cost-effective, because what is disbursed is in response to detailed requests from the 3,500 branches, whose 900,000 members know personally who needs help and of what kind. Nor are they confined to the disabled: any ex-serviceman or his family who have fallen on hard times is likely to get a sympathetic ear.

The pensions department takes up the cudgels on behalf of about 12,000 disability pensioners a year, and otherwise helps ex-servicemen "find their way through the Department of Health and Social Security jungle," Air Vice-Marshal Maughan says.

The Services themselves "do a first rate job," he says. "But you still get the chaps who come out with a disability pension, then say after nine months, their disability gets worse. We will fight for a better pension. They all know they can come to the Legion for help; they don't even have to be a member."

The Legion runs three convalescent homes to which 4,000 are sent in any year, and five "country" homes, housing 300 people who would otherwise be in hospital.

At this year's annual conference, it was also decided to set up a rehabilitation and assessment centre to be known as the Churchill Centre in the Legion Village near Maidstone.

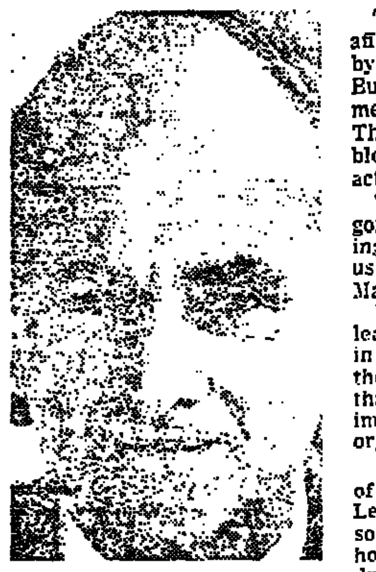
The village houses ex-service families and is the centre of Royal British Legion Industries, with its printing press, iron and woodworking shops. With its Richmond, Surrey factory producing the 47m fabric flowers for the annual Poppy Day Appeal, the Legion is the largest employer of the disabled in the country.

The Churchill Centre project will cost £400,000. Half is coming from the Legion's benevolent fund, the other half from branch and club fund-raising and a special public appeal which will start in October.

The Legion runs its own housing association, which has built 8,500 houses and flats and has 1,200 more projects under way. The trouble is that "the Government is turning off the tap," says Air Vice-Marshal Maughan.

This concern lies behind the Legion's decision to put greater emphasis on its country homes, to provide long-term care and accommodation for men and women who have become too old to care for themselves at a time when government departments' ability to cope is becoming increasingly attenuated.

Air Vice-Marshal Maugham cheerfully concedes it is a daunting task for an organisation whose funds come overwhelmingly from the annual Poppy Day. Last year this provided £4.9m. It is supplemented, however, by whatever the branches can raise, income from legacies and trusts, plus profits from the £1m-turnover a-year industries section, the Attendants Company, which is the second largest car-parking organisation in the UK, manned by more than 800 ex-servicemen.



Air Vice-Marshal Maughan: facing a daunting task

This provides nowhere near as much as the Legion would like and something always has to be held in reserve against the failure of Poppy Day—if there was widespread fog, for example.

The Legion would like to be drawing in more members. One of its problems has been that hitherto only ex-servicement—the "ordinary" members—have had a voting voice in its affairs. Active servicemen have been able to join, as can civilians, but only as honorary or associate members.

The result has been that its affairs have become dominated by a fast ageing generation. But this year current servicemen were given voting rights. The aim is to draw in younger blood which can also play an active part.

"We are now effectively going to the services and saying 'come and have a look at us'," says Ai r Vice-Marshal Maughan.

It is a course which could lead to friction, if not perhaps in the business of the branches, then in the running of the more than 1,000 clubs regarded as an important social part of the organisation.

Nevertheless, with the lure of gaining a say in how the Legion's business and social affairs should be run, the hope that younger men may be drawn in in greater numbers now seems to be not an unreasonable one.

The Legion, however, is far from an all-male preserve. The large and thriving women's section promotes its own welfare schemes, runs two rest homes and provides much-needed accommodation for widows and ex-servicewomen.

"But there is still a great deal more we could do," says Air Vice-Marshal Maughan. "The UK hasn't done as much for its 1m disabled as Europe and the U.S. There's been too much of an attitude 'let the state look after them.' Well, it's becoming increasingly clear that the state cannot look after them."

Pricing blamed for fall in beer sales

BY GARETH GRIFFITHS

THE MAIN cause of the fall in beer sales over the past year has been the sharp rise in the real price of beer, and future sales are going to depend crucially on the brewers' pricing policy, according to a report published yesterday by Panmure Gordon the stockbrokers.

The average real price of beer rose 12.5 per cent in the two years to May 1981. The price of beer index rose sharply above the increase in the retail price index going up by 58 per cent compared to 36 per cent for the RPI. Mr Tim Clarke of Panmure Gordon concluded that the increases had been on a scale unprecedented in recent years.

He said that the price of beer had been consistently rising since September 1979 and a prolonged period of real increases had eroded the previous low price elasticity of demand for beer.

Beer production has been running lower since the late spring of last year. Panmure Gordon estimated that beer production in the financial year 1981/2 would fall by between 3.5 and 4 per cent after a 6.5 per cent fall in the last financial year.

The report suggested that consumers were resisting increases and that rationalisation and cost reductions would play a more important part in maintaining brewers' profits.

Chipboard industry faces hard times

Mark Meredith examines the plight of board manufacturers swamped by foreign competition and feeling the lack of protective pricing mechanisms

THE BRITISH chipboard industry is in trouble. About 25 per cent too much chipboard is produced in Europe, and British producers are competing with foreign manufacturers twice their size.

Energy and material costs have gone up nearly 80 per cent already this year for some UK companies. And one producer, Scotboard in Irvine, Scotland, has announced it will cease manufacture.

The industry feels the key problem is dumping by Sweden, Finland and Spain. These foreign producers who are also facing the recession and slack sales at home, are selling their chipboard in Britain at prices about 30 per cent below what the UK industry says is economical.

Yesterday Mr David Duke-Evans, chairman of the United Kingdom Particleboard Association, went to the Department of Trade to present an urgent new case to protect the British industry. It might also save Scotboard.

Basically the plan would involve reimposing protective pricing mechanisms agreed by the EEC with producers in 1978. This agreement was allowed to lapse without annual renegotiation in 1980 when demand and capacity appeared to be levelling out in Europe.

Chipboard—the industry name now is particleboard to include new varieties of products—is board made from small particles of wood bound together under pressure with resins. Production started in Britain in the 1930s and has developed quickly.

Chipboard was a breakthrough in producing cheaply large boarding for roofing and flooring, replacing more expensive plywood or combinations of planking.

Britain used about 2m cubic metres of chipboard in 1979, most of it for construction or furniture, but about 20 per cent was sold to the do-it-yourself trade or for products such as toys and coffins.

Chipboard prices are now depressed in Britain and whatever savings this represents for the construction industry it has a knock on threat, particularly for the forestry industry.

According to a 1977 estimate 11,700 jobs would be put at risk by a crisis in the British chipboard industry, many of them in rural areas.

The forestry industry earns a much-needed £7m a year in payments to sawmills from chipboard makers for their residue.

A sawmill may use up to 60 per cent of a log to make wood planks for boarding, but it depends on selling the rest of the wood scrap to outlets such as chipboard producers.

Scotboard and Aaronson Brothers of Devon are the only two UK owned producers. Of the other domestic producers, Caberboard is owned by the West German Bison group, Kronospan by Kindl of Austria and Weyroc is part of the big Swedish Match group.

The price index for building materials shows chipboard near the bottom taking 1975 as a base year. Cement prices increased 296 per cent up to April of this year while Scotboard's standard brand of chipboard increased 141.3 per cent.

Volume and sales were reaching record levels but so were the imports from European competitors to push down prices. Scotboard now loses £20,000 a week.

The chipboard production of the company will close in November which gives time for a possible reprieve to be worked out between the industry and the Department of Trade and then with the EEC and finally between the EEC and the foreign competition.

Britain is up against very large companies abroad such as ASSI in Sweden, a state-owned wood panel and chipboard group which includes Swedish Match. The entire British output of 607,000 square metres in a year is dwarfed by Swedish production of twice that level. On top of this comes the output of Finland and Spain. Rumania has also become a force to be reckoned with.

British producers are able to supply about 30 per cent of the UK market. The rest comes from imports.

The chipboard problem is a European one—the need for some structural agreement to allow indigenous producers to survive. But the hopes of an end to the recession have meant that many producers are not ready to cut capacity and miss an opportunity when demand returns.

Through the EEC anti-dumping mechanism, the 1978 agreements with Spain and Sweden imposed a floor price for their exports to the UK. Finland voluntarily raised its prices.

The pricing agreements were updated in 1979 but because of the general increase in European demand, no agreement was considered justifiable in 1980.

By that time British companies also were looking to a more rosy future. But when the agreement was allowed to lapse, import pressure resumed.

GLC seeks recruits for Enterprise Board

By Gareth Griffiths

THE Greater London Council is to advertise for a chief executive and up to eight board members for its newly-created Greater London Enterprise Board which is expected to have an investment income of nearly £300m over the next three years.

The chief executive's post will be combined with that of chairman and carry a negotiable salary of not less than £25,000. Up to three full time members and up to five part time members will also be appointed on negotiable salaries. Advertisements for the jobs will appear in the Financial Times, The Times, the Guardian and the Economist from August 24.

Mrs Valerie Wise, the vice chairman of the GLC Industry and Employment Committee said the Enterprise Board would help co-operatives, invest in industrial development and offer general advice.

The GLC says it is looking for people to work on the new board from management, finance, co-operative development or trade unionism. It is likely the board members will be on four-year contracts.

Russian ships deal

FALMOUTH SHIPREPAIR, part of state-owned British Shipbuilders, has won a contract to refit two Russian roll on-roll off ships. The first of the two 21,000 deadweight tonne ships, the Magnitogorsk, will arrive at the company's Falmouth yard in September and stay for three weeks.

Shutters appeal case

GUARDIA SHUTTERS, a small private company which makes thermal insulating shutters, has won the right to appeal against a VAT asssessment without first paying £25,000 in tax. The hearing of the case is due to take place on October 27.

Store to close

HOUSE OF FRASER, the Harrods stores group, is to close its Arnotts store in Edinburgh by the end of January 1982 as part of a long term rationalisation programme. The 250 staff were informed of the board's decision yesterday.

Drive to keep North Sea sub-contracts in Britain

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE GOVERNMENT is planning a drive to increase the proportion of sub-contract work in the development of North Sea oil which goes to British companies. It is known to be concerned about the amount of work going abroad.

At stake are the thousands of sub-contracts which arise from a major contract to build an oil platform or construct a pipeline. Construction yards often farm out wouk to specialist companies handling jobs which the yards are unable to do themselves because of pressure of time or lack of capacity.

The Government agency which monitors the UK content in the development of the oil industry and actively encourages developers to use British companies is the Department of Energy's Offshore Supply Office in Glasgow.

The office, which is unhappy about the jobs which are exported, is prepared in future to use its muscle in the approval of oil exploration licences to back its campaign for more British sub-contract work.

Without being specific officials have cited recent cases of fabrication and other sub-contract work going to Japan and other EEC countries.

One of the office's functions is to analyse the orders placed in the UK for goods and services in offshore development. Last year the otal value of orders reported by North Sea operators was £2.4bn, of which the UK share was 71 per cent. This was down from 79 per cent in 1979.

Officials could not say what percentage of the large amount of sub-contract work goes overseas but said it i s marginal.

One of the long term aims of the Offshore Supply Office is to prepare British oil technology for potential export as the exploitation of the North Sea declines and other foreign oil fields are opened.

The office feels that encouraging all areas of sub-contracting experience will equip British companies to be part of a complete development package presented to a Third World country with potential oil or gas reserves.

Find off Aberdeen could be extensive

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A NEW well drilled in the North Sea's block 16/26—about 140 miles north-east of Aberdeen—has confirmed the presence of significant gas and condensate (light oil) reserves. The find could have commercial potential.

Gulf Oil, operator for a 13-company consortium, said the well—the third on the block—had been drilled to a depth of 13,831 ft using the Sedco 704 drilling rig and had tested three intervals in the lower cretaceous interval. The best of these flowed at a rate of 930 barrels of condensate and 12.5m cu ft of gas a day on a 5/8 in choke.

These results are similar to those from the previous well drilled on the block and have made some analysts more hopeful about the potential for commercial development.

Analysts believe the gas/condensate structure on 16/26 is shared with at least one other block, 15/30, which lies to the west and is licensed to a three-company consortium consisting of Conoco, Gulf and the British National Oil Corporation.

There has also been speculation that the find could stretch further west into Texaco's block 15/29, where a significant gas/condensate find is thought to have been made.

Reserves in 15/30 and 16/26 together have been estimated by brokers Wood, MacKenzie at 3 to 6 trillion cu ft of gas and 200 to 350m barrels of condensate.

● Gulf Oil's Irish subsidiary has signed a letter of intent with Atlantic Resources, a small independent company, under which Gulf will acquire up to 30 per cent in Atlantic's licence area in the Celtic Sea, which was awarded last May by the Irish Government. Gulf will become operator.

In return, Atlantic will acquire a 10 per cent interest in licence 11-76 in the Porcupine Basin, off the west coast of Ireland, which Gulf holds, together with Unionoil Ireland and Hydrocarbons (Ireland).

Lothian teachers ballot on strike action

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE EDUCATION Institute of Scotland, the main teachers' union in Scotland's Lothian region, has conducted a strike ballot among members after the moratorium on spending by the regional council which has left 944 fixed-term contract teachers without jobs.

The council has had its rate support grant cut by £47m by the Government because of overspending. Its Labour leadership, which last week made cuts of 15m, said it had not intended the reduced spending to lead to the loss of teaching jobs, and it met yesterday to discuss ways of lifting the moratorium.

In the meantime, the union has instructed members not to cover for teachers out of work or accept compulsory transfers. The union, which represents about 6,000 of the region's 8,000 teaching staff, expects the result of the strike ballot on Tuesday.

The Scottish Office, which has cracked down on Scottish council spending, yesterday annouced a cut in the rate support grant to Sterling district council.

Mr George Younger, Secretary of State for Scotland, had threatened to cut £1m from the council's grant but received assurances that spending reductions of £700,000 would be made. When the spending reductions are made the Government has said it will restore £300,000.

Family health 'affected by unemployment'

BY GARETH GRIFFITHS

UNEMPLOYMENT has a marked effect on people's health. The loss of a job can lead to depression for both the unemployed and their families, according to a Department of Health research project, which studied the effect of unemploymenton 19 families.

The report, Unemployment and Health in Families, is by Mr Leonard Fagin, a consultant psychiatrist at Claybury Hospital, Essex. It was published this month and covers three years' work.

Mr David Ennals, the former Social Services Secretary, yesterday attacked the Government for not making the report's findings more widely known. It showed the appalling social consequences suffered by the unemployed, he said, and the production of only 300 copies was "a disgraceful way of publishing an important casework research document."

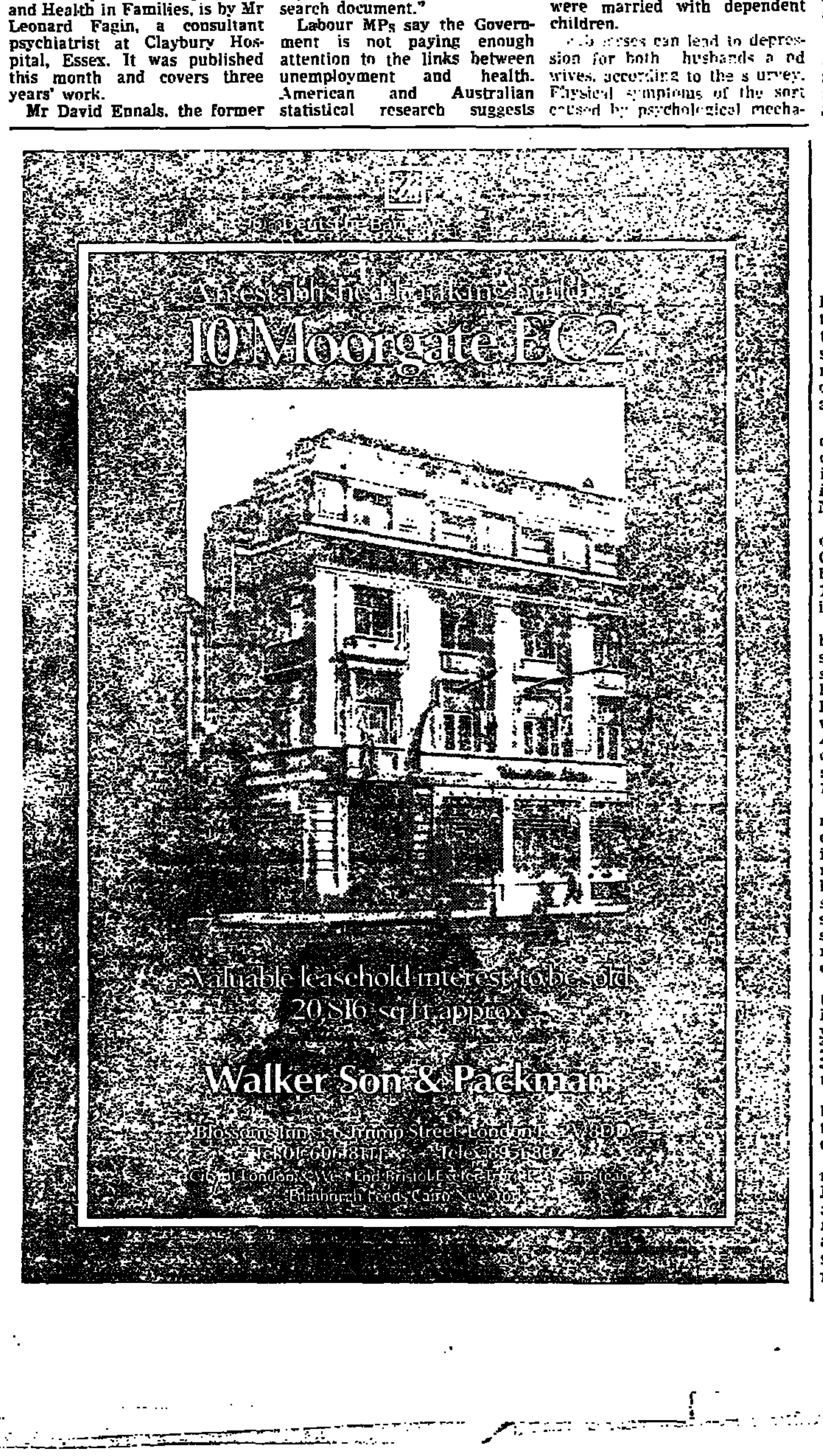
Labour MPs say the Government is not paying enough attention to the links between unemployment and health. American and Australian statistical research suggests that for every 1 per cent rise in unemployment there is a 2 per cent increase in the mortality rate.

The research project was based on an initial sample of 2,321 men who had lost their jobs in the autumn of 1978. They were chosen from 86 job centres in England and Wales and all were married with dependent children.

Job losses can lead to depression for both husbands and wives, according to the survey. Physical symptoms of the sort caused by psychological mechanisms, such as backache, headaches and asthmatic attacks, can also accompany job loss.

Unemployment can affect children's health. The younger children of men who were out of work for longer periods commonly had disturbances in feeding habits and were prone to accidents, sleeping difficulties and behaviour problems.

Unemployment and Health in Families. A Pilot Study. Leonard Fagin. Price £6. Department of Health and Social Security. ISBN 0/902 650/ 23/8.



Motor-cycle dealers support own show

JOHN GRIFFITHS reports on today's opening in London of the second major UK motor-cycle show staged within four months. It follows the traditional manufacturer-supported exhibition held in Birmingham.

EARLS COURT opens its doors this afternoon on what will be the second major motor-cycle show to be held within four months. Bike 81 has been organised by the Earls Court and Olympia Group.

The move follows the decision of the "official" UK motor-cycle show this year to follow in the footsteps of the car industry and exhibit at the National Centre, Birmingham.

The Birmingham exhibition, organised by the national Motor Cycle Association and backed by the manufacturers, attracted 161,000 visitors. It was the industry's formal showpiece.

The Earls Court show will be very different. It will be supported mainly by dealers, selling everything from bikes to boots straight off the stands. However, a number of machines will make their début. Lord Alexander Hesketh's new motor-cycle company has chosen the show for the sales launch of its 1000 Vee-twin "superbike."

The Motor Cycle Association regards the London show with equanimity. It sees the show inevitably detracting from the numbers which might otherwise have attended the Birmingham show. None the less, it sees the show as "primarily a selling show, purely for the home market, which does not really cut across our ground."

The show is taking place at a time when the motor-cycle trade itself is in turmoil. Sales this year are expected to drop by 20 per cent below last year's 316,000-unit level. Last year was the best since 1959.

The market was badly upset by the Government's decision to impose from April the 10 per cent "car tax" on motor-cycles.

To avoid this tax dealers rushed to pre-register machines. Registrations soared to 60,000 above the normal level for the month. Many of those machines are only just being sold, as shown by July motor-cycle registration figures, running nearly 70 per cent below normal.

The disruption has taken place throughout the peak selling period for motor-cycles. Sales on a normal seasonal basis could have been expected, in any case, to fall away for the remainder of the year.

This year however the decline is expected to be accelerated by the continuing recession and high interest rates (most motor-cycles are bought on hire-purchase), and by new laws which include the reduction from 250 cc to 125 cc of the maximum capacity machine a provisional licence-holder may ride.

The show is also opening against a background of growing disaffection between the motor-cycle lobby and the Government over what the Motor Cycle Association says has become a hostile legislative attitude towards motor-cycling.

The association's chairman, Mr Hugh Palin, met Transport Secretary Mr Kenneth Clarke this month. He complained of "discriminatory" legislation and warned that co-operation between the industry and the Transport Department was threatened, placing training and testing schemes at risk.

Mr Clarke said the Government's only aim was to reduce the high level of motor-cycle accident casualties.

Under the circumstances the 150 exhibitors who have taken up 250,000 sq ft of floor-space at Earls Court will be pitching hard for every sale they can get.

Stevas hits out at Tory lack of 'generosity'

By Margaret van Hattem, Lobby Staff

THE CONSERVATIVE Government's lack of "generosity," particularly over the unemployed, was costing considerable electoral support, Mr Norman St John Stevas, a former Leader of the Commons, warned yesterday.

Commenting on BBC Radio on the results of the latest Gallup Poll, which suggests that support for the Government had fallen to 24 per cent while support for a Liberal/Social Democratic Alliance has risen to 41.5 per cent, Mr St John Stevas said the new Alliance posed "the gravest challenge that the Conservative Party has ever had to face."

Many who voted Conservative for the first time at the last general election were not committed to the party, he warned. "We have allowed ourselves to be projected as a Right-wing doctrinaire party, which we are not." It was a problem not only of image, but also of policy.

"There is a lack of generosity in our approach which is turning people away from us. We must emphasise our concern with high unemployment and the need to get it down. There is a right to work, because that corresponds to a human need. We must show people that we believe this, and that we have policies to put it right."

Mr St John Stevas, who was sacked by Mrs Thatcher from her Cabinet last January, specifically avoided criticising the Prime Minister. She had a caring and compassionate side to her character, he said. The problem was that she was not getting it across.

He did, however, indirectly criticise Lord Thorneycroft the party chairman, when he called on the Conservative Central Office to give higher priority to finding out why people were deserting the Conservatives in favour of the new Alliance and to start projecting the Prime Minister in a more afvourable light.

Mr St John Stevas, whose dismissal was widely attributed at the time to his open disagreement with much of the Government's economic policy, has subsequently proved a far less disruptive backbencher than might have been expected.

Yesterday's Gallup Poll, published in the Daily Telegraph, asked for whom peole would vote in an immediaet General Election. On this basis, the Conservatives scored 28 per cent, against 38.5 per cent for Labour, 13 per cent for the Liberals and 19 per cent for Social Democrats.

When people were specifically reminded of the existence of the new party, the Social Democrats' score soared to 31.5 per cent against only 9.5 per cent for the Liberals, 25 per cent for the Conservatives, and 33 per cent for Labour.

If the Liberals and Social Democrats formed an alliance, the poll put their combined score at 41.5 per cent, against 24 per cent for the Conservatives and 33.5 per cent for Labour.

Kestrel Marine in talks over purchase of Robb Caledon yard

BY JOHN LLOYD, LABOUR CORRESPONDENT

KESTREL MARINE, the Dundee-based oil platform module manufacturer, is holding talks with British shipbuilders over the purchase of the Robb Caledon yard in Dundee, which BS is due to close on September 18.

British Shipbuilders said last night that it had held one meeting with representatives of Kestrel, and that negotiations were at an early stage.

It is understood that BS may be willing to hand over the loss-making yard for nothing. However, Kestrel's decision to make a formal bid is likely to depend on the level of subsidy it can get from the Government.

The company has already approached the Scottish Office on possible subsidies. Dundee's status as a special development area would mean that it could count on a grant of 22 per cent of the cost of new capital equipment, plus further discretionary grants.

However, it appears unlikely that Kestrel will be able to employ all of the yard's workforce. About 250 are still at the yard, of whom around 80 have been promised other employment by BS.

Kestrel is likely to wish to employ around 100 workers, and is unlikely simply to "inherit" those still at the yard. Its bid would wait until all the workforce were made redundant on September 18, after which it could re-employ those workers it thought suitable.

The closure may yet be the subject of long-mooted industrial action throughout BS. Shop stewards from Robb Caledon met the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions earlier this week, and underscored their determination to fight the closure.

The stewards said that the possible purchase of the yard by Kestrel would be put to the workforce, but that it would be unlikely to be acceptable on the basis of a sharply reduced staff.

A meeting of delegates from throughout BS will be held on September 9, during the TUC conference at Blackpool. It is expected that the shipbuilding negotiating committee will put a call for support for the Robb Caledon workforce to the conference.

Union leaders are split over the issue. Most of the negotiating committee ragued that purchase by Kestrel was preferable to closure, while a minority said the terms must be better than those thought to be available so far.

However, the determination of the Robb Caledon stewards to fight the closure has persuaded the committee to recommend support to the delegates' meeting in September.

FT offers voluntary redundancy payments of up to £30,000

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE FINANCIAL TIMES yesterday told print union general secretaries and local officials that it was offering redundancy payments of up to £30,000 to encourage 72 of the newspaper's 1,000-plus workers to leave.

The offer will apply until October 31. Redundancies will be voluntary, but a clause in the document setting out the compensation terms leaves open the possibility of dismissals where not enough volunteers come forward in any department.

Separate discussions are continuing among the print unions in an attempt to avert a strike at the FT called by the main print craft union, the National Graphical Association, from September 4 over a wage claim by the 19-strong machine managers. A meeting between the two unions most deeply involved — the NGA and the National Society of Operative Printers, Graphical and Media Personnel (Natsopa) — will be held next week.

Mr Alan Hare, the chairman of the Financial Times, told the union officials yesterday that the company's financial situation had deteriorated in the past year. He said that while revenue had grown faster than inflation, costs had risen even more.

The company wants to cut 7 per cent of its labour costs, which form 47 per cent of its total costs.

The general secretaries made no formal response to the management's statement. They will consider the offer over the next few days, and meet the company again next week.

The basic redundancy terms are for a minimum of 26 weeks' pay for employees aged up to 45 and a minimum of 52 weeks' pay for employees aged 45-60.

While the paper's management appears determined to cut wage costs by 7 per cent, it has indicated to the unions that there is room for negotiation over how the savings might be made.

The separate issue of the machine managers' dispute has been the subject of inter-union talks over the past week, under the aegis of Mr Bill Keys, chairman of the TUC's printing industries committee and general secretary of the largest print union, Sogat.

The differentials problem thrown up by the machine managers' claim affects Natsopa, which organises the machine assistants. Natsopa leaders have expressed alarm at the managers' claim, saying they would demand a pay increase if the managers won a rise.

If the NGA strikes, the FT has said it would lock out all printers working for St Clements Press, the paper's printing subsidiary. It would attempt to continue publishing the paper "by other means." Protective notices have been issued to the press's 600 print workers.

Vote at BL backs £20 rise claim

By Arthur Smith, Midlands Correspondent

THE CAMPAIGN by BL car workers for a £20-a-week pay rise gathered pace yesterday in defiance of a company warning that no money may be available.

Shop stewards representing engineering union employees throughout the company voted in Birmingham to press for the £20 rise, which would increase BL's wage bill by 17.6 per cent.

The demand is in line with claims already submitted by stewards at the two biggest plants, at Longbridge, Birmingham, and Cowley, Oxford.

Mr Ken Cure, Midlands executive member of the Amalgamated Union of Engineering Workers, said after the three-hour stewards' meeting that workers would make "a modest claim."

There is certainly unrest among BL workers at the way relative earnings have declined as the company has imposed single-figure deals over the past three years. But officials suspect there will be little support for militant action while recession and mounting unemployment continues.

Divided

BL, which has set the pace in pay restraint in previous years, has already written to the 80,000 car workers stating: "In our present financial state, we have to consider very seriously whether we can afford to pay increases at all this year."

The letter clearly sets the tone for what are expected to be bitter talks. But the trade unions will go to the negotiating table divided.

The unions have yet to agree the composition of their negotiating team, because of a dispute between the transport and engineering workers about representation.

BL has made clear that in the absence of agreement it will negotiate a deal directly with full-time officials—a move which will keep the shop stewards from the bargaining table and underline the extent to which strong management tactics have eroded shop-floor power.

There are also divisions among the plants. Stewards at Rover, Solihull, where assembly of saloons is to be phased out, have warned they will not support strike action. At Jaguar, Coventry, stewards have called for a lower pay rise of 12 per cent but warned that it is likely to be backed by sanctions.

Ezra tells mineworkers of need to keep costs down

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A THINLY-VEILED call for wage restraint by miners came yesterday from Sir Derek Ezra, chairman of the National Coal Board. The industry had to beware of pricing itself out of the market, he warned.

"We must avoid any action which would throw us off course in our drive to reduce total costs and increase efficiency," he said during a visit to Treeton colliery, near Rotherham.

Sir Derek made no direct reference to wages, which make up about 50 per cent of the NCB's costs. But his remarks were clearly directed towards the pay negotiations with the National Union of Mineworkers which will begin during the next few weeks.

He pointed out that the industry's UK markets had been hit hard by the recession. This meant they were price sensitive to a greater degree than any time since the Second World War.

"We shall have to be very careful, when the time comes to review our prices, to limit any increases to the minimum. We must do everything we can to absorb costs by greater efficiency."

Thanks to government help, the NCB had been able to get the Central Electricity Generating Board to cut its imports of coal from 3.75m tonnes last year to 700,000 tonnes this year.

The NCB also has a five-year understanding under which the CEGB will take at least 75m tonnes of coal a year provided the NCB keeps price rises within the rate of inflation.

Sir Derek said if the coal board failed to keep its side of the bargain, the CEGB would lift from stocks and again bring in coal from abroad.

There was a similar position with the British Steel Corporation. Government grants had again helped to buy out some imports of coal. The NCB was supplying about 400,000 tonnes to the Port Talbot steel works, which had previously used nothing but imports.

As further BSC import contracts came up for renewal, the NCB hoped it could negotiate more business. But price would be crucial.

Sir Derek said pits were already responding well in keeping costs down by producing coal more efficiently. Productivity was about 4 per cent up on last year and absenteeism was at its lowest for nearly 40 years. Men were turning up for work more regularly and were producing more coal for each shift. The recession made it imperative to maintain the trend.

Pit vote 'anomaly' shown

FINANCIAL TIMES REPORTER

VOTING discrepancies during a mineworkers' union election at a South Yorkshire pit have been revealed by an inquiry.

Three miners' votes were cast even though they no longer worked at the pit—Goldthorpe Colliery—and seven others found their names had been ticked off the voting register before they arrived at the ballot box.

The inquiry, headed by Mr Ken Homer, Yorkshire NUM financial secretary, was called after complaints about the elections for a branch secretary.

Mr Frank Calvert, a pit craftsman, who lost the contest by 15 votes, suspected "some anomaly" during a recount. He said yesterday he was considering further action after the inquiry's report refused to recommend a fresh ballot.

The report, published yesterday, said the system of registering votes left much to be desired.

BP stewards fight closures

BP refinery shop stewards from the Transport and General Workers Union meeting yesterday asked national officials to convene an industry-wide meeting of representatives of all its main unions to discuss refinery closures.

Shop stewards are meeting BP directors today and will tell the company that it must withdraw notices of closure of its Isle of Grain refinery so "proper discussions" on the refinery can take place.

Mr John Miller, Transport and General Workers Union national oil industry secretary said a strike over the issue had not been ruled out.

Lavatories dispute stops work

WORK ON a £60m shopping centre was halted yesterday by a strike over dirty lavatories. One hundred electricians employed on the development in the city centre at Peterborough, Cambridgeshire, walked out after complaining that the toilets on the 15 acre site were unhygenic

Over 300 workers are engaged on the project and some are expected to be laid off if the dispute continues. The shopping centre known as Queensgate is due to open next year. It will be the biggest of its kind in East Anglia.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

What it costs to live in London

BY ARNOLD KRANSDORFF

WHEN AMERICAN Hernan Rey-Willis came to London to take up a new post he came without any pre-arranged permanent accommodation. It took him six weeks to find a suitable home, during which time he had to stay at an expensive hotel.

Fortunately his company—the U.S. casual wear manufacturer, Levi Strauss—has a progressive relocation policy for its senior executives.

It picked up all his expenses while he was looking around and also pays the rent and services for the four-bedroomed maisonette in which he now lives in Devonshire Place, W1.

Compared with other foreign expatriates, particularly from the U.S., Rey-Willis is fairly typical. He is in the U.K. for a two- to three-year stretch and lives in central London, mainly because of its convenient location and the fact that there is a suitable school nearby for his children.

Comforts

However, unlike many of his fellow Americans, he was not surprised by the quality and cost of accommodation in the UK capital, mainly because of his experience—he is director of personnel, Europe—of relocating other senior executives.

Compared with housing standards in San Francisco where he was formerly based, "London is very different, and it is difficult to find something comparable," he says. "We don't have the same comforts here."

Rey-Willis is one of 15 expatriates working in Levi Strauss's UK office which, according to a survey just published, is the average number for an overseas company with a base in the UK capital.

The survey, by ORC (UK) reveals that this average figure is slightly less than three years ago—and numbers are expected to drop even more over the next two years.

Seventy companies, mainly American, participated in the survey, with banking, insurance, financial services, engineering and construction being the classifications with the largest sample sizes.

Most companies, says the survey, reimbursed rentals or paid an allowance towards these costs. They also discouraged the purchase of accommodation and encouraged the expatriate to retain his accommodation in his home country.

The survey focused primarily on rented accommodation, in which two-thirds of the expatriates surveyed lived. It found that they paid an average of about £1,000 a month in rent and services for a four-bedroomed flat or house—equal, in some cases, to almost half of their U.S. base salary at current exchange rates.

ORC comments that adequate housing for expatriates and their families can be a crucial factor in the success of their assignments.

"With so many expatriates coming into a high cost housing market from the U.S. and Canada, it is inevitable that average costs will be high," it says.

The survey explains that the expatriate moving to London and looking for rented property has two pools of housing to consider—homes of owner occupiers who have themselves gone to another location, and investment property.

In the latter case, where the leased property is not the only property of an owner, legislation makes it difficult to remove a tenant who stays beyond the terms of the lease. It is therefore customary, says ORC, for the tenancy of an investment property to be arranged with the expatriate's company as tenant, because a corporate body cannot obtain security of tenure.

Popular

This fact is reflected by the findings of the survey; within the rental sample about 40 per cent of the homes were rented by the company.

It is also customary for either the tenant or the landlord to give 90 days' notice of vacation, it adds.

The survey also gives a demographic breakdown of the most popular living areas for U.S. expatriates; the highest number is concentrated in the SW1 area. In addition it gives a breakdown of rental costs in various central areas.

* *Expatriate Housing Costs in London, by ORC (UK), Airwork House, 35 Piccadilly, London W1. Price £150.*

How GM plans to keep on trucking

The world's biggest motor group is restructuring its commercial vehicle operations. Kenneth Gooding reports

SPARKED into action by the sudden arrival in force of the European truck makers on its own doorstep, General Motors of the U.S. has woken up to the fact that it has been so busy re-shaping its car business that it has not been paying enough attention to its commercial vehicle operations around the world.

GM reacted particularly to Daimler-Benz's decision to buy Freightliner in the U.S., a deal completed at the end of last month, which signalled the Mercedes group's determination to take a significant share of the American market and that it was not content just with market leadership in Europe.

As a first step towards better co-ordination of the rather fragmented commercial vehicle operations, GM has placed responsibility for them with Reuben Jensen, its executive vice-president in charge of truck and bus, power products and component operations. In future all the subsidiaries will report to him.

It should really come as no surprise to an industry where many companies recognise that they must get involved in joint ventures if they are to remain viable, that GM should be emulating this trend. However, in contrast to the usual formula of seeking a link with another manufacturer, GM plans to have joint ventures between its own truck-making subsidiaries around the world.

The move has sent a shiver of apprehension through one of those subsidiaries, though—Bedford in the UK. The company has been suffering agonies because of the severe recession in the British commercial vehicles market and the problems of exporting against the high value of the pound.

The fear sprang from the possibility that GM should replace many Bedford models in many markets with products made by Isuzu of Japan.

GM has just celebrated the tenth anniversary of the start of its association with Isuzu, in which it has a 34 per cent shareholding. Isuzu ranks sixth among the Japanese vehicle producers but makes more commercial vehicles than cars

Reuben Jensen: "The way we have been running the truck operations has been catch-as-catch-can"

(365,000 against 107,000 in 1980) and is also among the leading producers of automotive diesel engines.

Already GM is using Isuzu vehicles in South Africa in preference to either its European or U.S. ones.

Elsewhere it is employing them to plug gaps in the ranges of either Bedford or Chevrolet, buying built-up vehicles and putting Bedford or Chevrolet badges on them.

And, according to Jensen, that is the way it will stay. Isuzu will be used only where GM finds it uneconomic to build its own vehicles because of the low volumes involved.

"I don't see us closing down half of GM's truck-making capacity to bring in more Isuzus," he says laconically.

"There are times when it is not only the bottom line of the balance sheet that counts." Particularly, he hints, when you have plant, machinery and a skilled workforce already in place.

Jensen is able to give convincing arguments about why GM needs to carry out the reorganisation. "It will now bring together GM's separate truck design, engineering, manufacturing and service talents on a world-wide basis for the first time. Previously GM's truck operations in the U.S. and overseas have functioned more or less independently in these areas."

However, he cannot provide any detail. That is because the scheme so far has been conceived only in the broadest outline. The decision to go ahead was taken only on June 25.

He says the fragmentation of GM's truck business has produced duplication of design, engineering and manufacturing resources—and the extra costs which went with all that.

In the U.S. Chevrolet builds GM's light trucks and GMC the medium and heavy trucks. GMC has been selling light trucks but played no part in their design. Similarly, Chevrolet has been selling GMC medium models without having any say as to what went into them.

GM do Brazil has been building U.S.-designed trucks, again without being able to contribute to their design even though the Brazilian Government insists on a very high content of locally-made components.

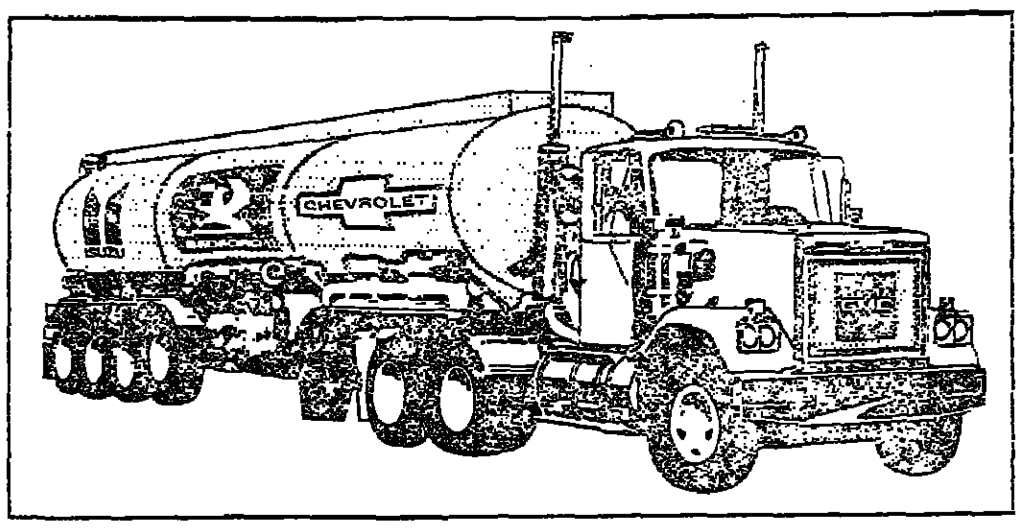
Bedford for most of its life has been an autonomous business building trucks of all types for Europe and as many markets as it could glean elsewhere. It has done reasonably well in the past in Africa and the Middle East.

Resources

Isuzu so far has been an arm's-length supplier of built-up vehicles and components to GM.

But one of the really important decisions still to be taken following the latest reorganisation is whether Isuzu should be drawn much more into the GM truck operations and take part in design and development.

Jensen comments: "The way we have been running the truck operations has been catch-as-catch-can. But with the increased competition we must do a better job for GM. The realignment gives us one organisation to look at all designs and all markets."



GM's rolling giant: the gaps in its product line are being plugged by Isuzu in Japan

In typical GM style—it still has enormous resources to throw against any problem—about 200 people are already working to establish just how the new organisation should operate in detail, what its structure should be and how the individual manufacturing units around the world should fit in.

Jensen's own belief is that the split will be along product lines so that heavy truck makers within GM will "run together" and other teams will work on vans or light commercials or medium trucks.

GM already has been working on the development of a medium-sized "world truck" since 1979 when a project centre was set up for the purpose at the group's technical centre in Warren, Michigan.

Jensen says that the results of the project centre's deliberations are still eight months away but "the next time GM turns out new medium trucks we won't do five separate ones."

The project centre was set up after GM recognized when developing its "world car" concept that there were also economies of scale to be got from engineering, tooling and even testing and marketing trucks on a world-wide basis.

Wally Edwards, general director of the project centre, established early on that there could be commonality in engines, clutches, transmissions and axles for medium trucks sold in the world's major markets. Even frames and cabs might be included on the list.

In theory GM could make a number of key components in large quantities for the truck business to get the maximum possible economies of scale—usually difficult to achieve in the low-volume truck-making industry.

For example, Bedford might make in the UK a rear axle to fit all GM medium trucks wherever in the world they were assembled and sold.

GM will probably follow the pattern it has established with its latest "world car" and ask its subsidiaries and Isuzu to tender for the business of providing key "world components" for trucks.

Cost obviously will be a major consideration when a decision is made about which company gets which job.

So where does all this leave Bedford?

The management of the British company sees the reorganisation as an encouraging sign that GM has no intention of just letting Bedford fade away. It could become a key element in the GM commercial vehicle "family." Without the change now taking place Bedford could gradually lose out to the Japanese, particularly in the Middle East and Africa.

Cosy future

But Jensen does not attempt to disguise the fact that there is no cosy future for Bedford. "Bedford is going to have to earn its keep," he insists.

"Bedford had one of the best truck names in the world going into the 1970s. But by the nature of not doing a good job of keeping to schedules and satisfying orders, buyers got tired of waiting and turned elsewhere."

However, the present Vauxhall management (Bedford is a Vauxhall subsidiary) had made tremendous strides to bring costs into line.

"And we have every intention of saving all the parts of Bedford we can. There is no question but that Bedford has a lot to bring to the new organisation. . . . There is room for parts of Bedford in parts of the world operation."

That hardly represents the cast-iron guarantee that Bedford will survive in more or less its current form that the British unions might have hoped for.

Jensen says the new world organisation, again in classical GM style, will gradually evolve rather than emerge with "one big bang," and it will take five years for the full benefits to show through.

No sales targets have been set because Jensen says he still does not know what would be a reasonable expectation.

But what is clear is that GM has not yet begun to tap the full potential of world wide truck and van sales, especially in the developing countries. Commercial vehicle sales in the Middle East, Africa, Asia-Pacific and Latin America reached 1.8m in 1979; GM predicts this will reach 3.5m by 1990 and will nearly equal combined sales in Europe and Japan.

GM's rivals maintain it has too much to learn about markets outside the U.S. and has too inflexible a structure to present any real threat in the commercial vehicle business. They point out that Bedford's decade of decline had as much to do with a lack of direction from Detroit as with any other problem.

And they suggest that, in spite of the re-organisation, the commercial vehicle business remains very much a "Cinderella" within GM.

Nearly all the $40bn GM is spending between 1979 and 1984 is going on cars—particularly on producing lighter-weight, more-fuel-efficient cars for the U.S. market.

Jensen insists, however, that there is no question of the commercial vehicle business being starved of cash because it is all required for cars.

"I have never seen a proper product programme turned down by the GM management. And we will get the funds if we put up viable proposals."

TECHNOLOGY

EDITED BY ALAN CANE

Turn to Germany or Japan

BY GEOFFREY CHARLISH

HIGH-SPEED programming and faster cutting cycles are the keynotes of two new metal removal systems — a turning centre from Japan and a horizontal machining centre from West Germany.

The turning centre is made by Yamazaki and employs a control unit from Mitsubishi, the Mazatrol T1, which keeps all stored machining data in solid state store and dispenses with paper tape altogether. Elgar Machine Tool is the UK supplier.

Basic information about materials likely to be used, tools, and the parameters of the actual machine are permanently stored so that, to program for a specific job, the user has only to key in the appropriate metal type file number. All the cutting parameters such as feeds, speeds, and depth of cut are then selected automatically by the machine.

Programing for a job is by means of a simple routine of question posed on a CRT display and answer-keyed by the operator. As each question is answered another appears, in plain English, so that no routines have to be learned.

At the end of the programing, easily carried out from the drawing of the part to be turned, the screen will "draw" the profile of the component—a useful check for errors.

Up to 16 of these programs can be stored in the system's memory and an associated magnetic tape unit allows a large number to be kept—they can be loaded into the solid state store.

The machine itself, called Quick-Turn, uses a 10 hp variable speed AC drive working through a two-stage gearing mechanism to give spindle speeds in the range 21 to 3,600 rpm.

Up to three tools can be mounted on each of the four faces of the square turret, which can index in under 1 second. The turret has traverses of 310 mm on the X axis and 320 on Z for the chucking version, 540 mm for the universal model. The unit moves at 10 metres/min in both axis. In the universal model the tailstock can be programmed from the controller keyboard. The machine is priced from £34,000. In Japan some 700 of the units have been sold since the June launch.

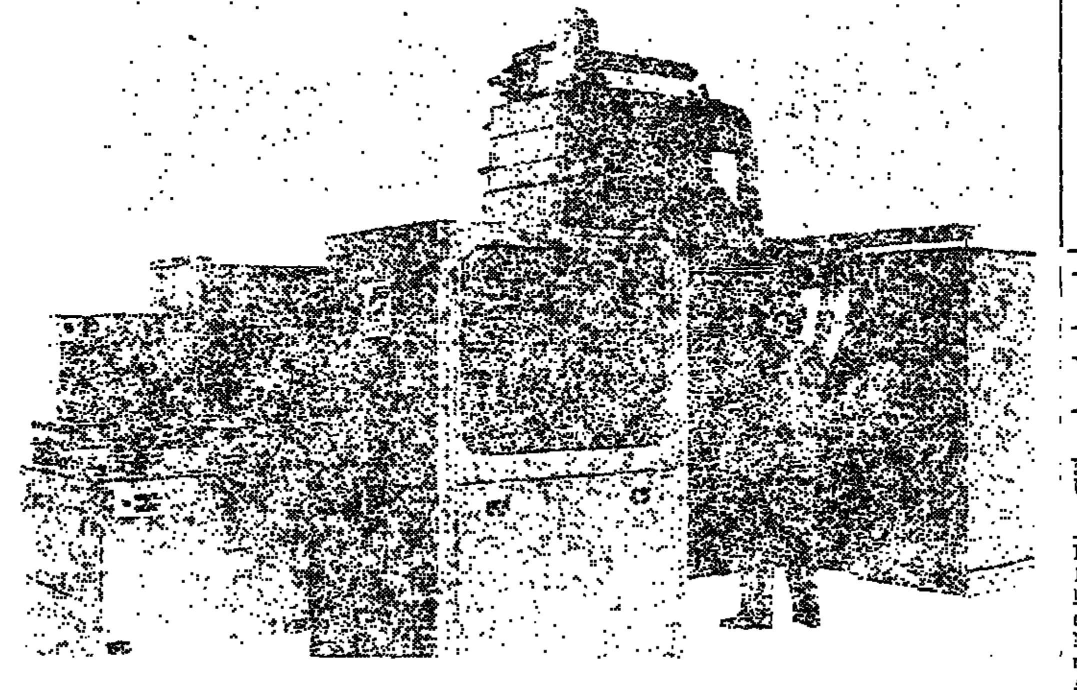
The new offering from Scharmann Machines, a horizontal machining centre, marks a manufacturing policy change since this new Solon range will be made in batches of 30 rather than to order.

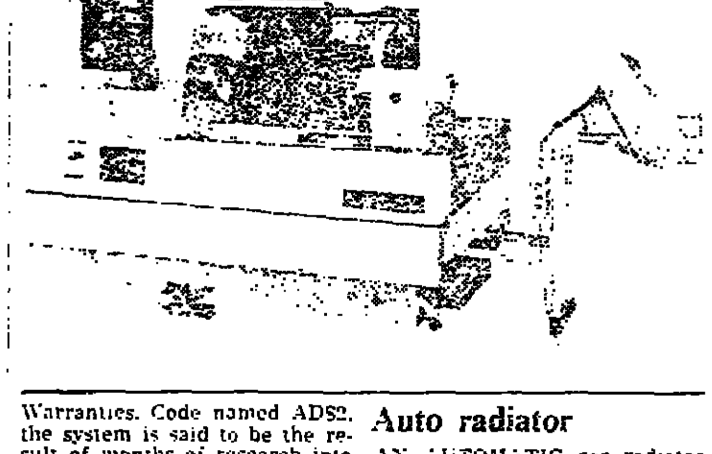
This is partly a move to keep prices down and fight off the Japanese; but the machine is smaller than the company's previous offerings and it is understood that marketing techniques will be more vigorous. No compromises have been made, however, in terms of accuracy, power and machine rigidity.

There are three versions, the largest of which has table dimensions of 800 by 1,000 mm with X, Y and Z traverses of 1,600, 1,350 and 1,000 mm respectively. It has a 30 kW DC drive while the smaller versions have 20 kW. Speed range of the horizontal spindle is 12 to 3,000 rpm. Tool change-over time from the 40 station magazine is under 10 seconds.

An automatic pallet-changing system is available as an option while a swarf removal conveyor and hopper are standard facilities.

These new CNC machining centres employ the Siemens SMC Sprint control unit.





Above: the Solen 2 machining centre, and, left, the Yamazaki Quick-Turn Turning Centre.

..POINTERS..

Lucas Logic misfires at the push of a button

DIAL-A-TIME is a new engine development instrument designed by Lucas Logic of Warwick (0926 497733), in conjunction with the Lucas Research Centre. The instrument, developed for use in an engine test cell, allows the timing and quality of spark to be varied simply and accurately while the engine is running. Ignition timing, coil on-time and coil off-angle are set and adjusted by controls on the front panel, making tedious mechanical adjustment unnecessary. Misfires can be induced at will by the push of a button and the instrument can be interfaced to a computer for both control and data logging. It can be used for engines with one to eight cylinders (as well as for a 12-cylinder engine) and a multi-coil output allows the use of a separate coil for each cylinder. The unit is supplied with a crankshaft encoder disc, sensing caliper, ignition coil drive module and screened multiway connection cables.

New boilers from Danks

DESIGNED and developed to burn solid fuel, especially washed singles, a new range of industrial boilers introduced by Danks of Netherlands is claimed to produce rates of steam and hot water from 2,000 to 16,000 lb/hr. Larger units are available to special order. Known as the Danks Autocoal, the boilers have fixed-grate sprinkler stokers, grit refiring system and a combustion air distribution device. Coal is taken to the top of the boiler by a pneumatic conveyor. It then enters the fuel/air tube where it is automatically regulated to give an even distribution over the firegrate. The grate consists of a number of S-shaped firebars designed so that when the underfire air is turned off the fuel bed does not fall through. When the combustion air is re-started the ash is blown back into the firebed. This system is claimed to have a further advantage in that it creates a high-pressure drop which allows for a more even distribution of air whatever the fire disposition.

Combustion air is closely controlled and fed from both under and over the firegrate. The underfire air is directed towards the grate centre, while overfire air is ducted to the fuel drop tube entering the combustion chamber through an annulus. Both coal and air are metred and matched to create the maximum combustion efficiency, Danks claims.

The high burning rates that the system produces tend to separate the grits from the firebed. The grits are quickly blown out of the combustion zone and collected by a multi-cell grit arrester. They are then stored and fed intermittently to the boiler by a rotary valve and venturi system. The Danks design is claimed to allow for almost total combustion, while the small amounts of ash that accumulate can be extracted manually without difficulty.

It is generally conceded that although coal already offers significant economic advantages over oil and gas as a fuel, coal-fired boilers can be inconvenient to operate and often produce an excessive amount of ash. Danks claims that it has met these objections. The Autocoal, they say, is a simple, clean and efficient boiler offering almost total combustion and a high degree of automation.

Details: 0384 66417.

Breakdown insurance

WHAT is claimed to be the first fully computerised mechanical breakdown insurance program system has been launched by R. L. Autoguard Extended Warranties. Code named ADS2, the system is said to be the result of months of research into current dealer and market requirements, culminating in a £250,000 computer investment to which the company has committed its entire warranty operation.

At the heart of the system is an IBM 38 computer linked to a System 66 word-processing unit. The ADS2 range comprises 10 programs, each designed to meet a different need and to accommodate whatever types of vehicles are handled by a dealership. Being computer controlled, the system can take into consideration all changes in market trends. This makes it possible to introduce new programs within a few hours, it is claimed.

The company also claims that the system has led to improved administration, keener premiums better-controlled accounting, and even an improved response to claims and their subsequent handling. Autoguard is on 0943 465284.

Auto radiator

AN AUTOMATIC car radiator filling system designed to eliminate air locks and spillage and capable of being programmed to suit any size of cooling system has been introduced by SIHI-Ryaland Pumps. The first installations are in operation on the Cavalier/Carlton production line at the Luton plant of Vauxhall Motors and on Ford's Escort line at Halewood.

Consisting of a vacuum pump, liquid pump, motor and control panel, the freestanding system is mounted on the glycol reservoir tank near the assembly line and requires no special foundations. Operated by a push-button on the filling head, the entire filling cycle can be pre-programmed to suit any size of cooling system.

A special feature, says SIHI-Ryaland, is that leakage testing pressure testing and filling to the correct level are all carried out automatically and simultaneously.

Dainichi centre from Mills

THE Japanese-made Dainichi B70 CNC turning centre is now available in Britain from Mills Marketing Services. Two versions of the machine will accept workpieces up 1,500 mm and 2,000 mm between centres and have a bar capacity of 105 mm.

The rigid 880 mm wide bed is of slanted design. The 70 deg inclination is claimed to improve swarf fall-away and allow the operator easy access. Wide slideways are designed to permit trouble-free heavy cutting and the chuck can support workpieces up to 500 kg.

Control is by means of a Fanuc 6TB CNC system with integral CRT display and is equipped with chamfering and rounding functions. The DC electric motor supplies a constant 50 hp over the speed range 93 to 1,800 rpm, while the machine has a stepless speed range of 10 to 1,800 rpm. The turret will accept up to 12 tools and gives non-stop random select indexing to save time.

The X-axis stroke is 280 mm for both versions, the Z-axis traverses being 1,550 and 2,050 mm. Rapid traverse rates in the X and Z axes are said to be 6,000 and 10,000 mm/min respectively. Mills Marketing Services is on 0603 745531.

Philips X-ray unit

AN ADDITION to the range of Philips equipment available in Britain from Wells-Krautkramer is a 110V portable industrial X-ray control unit, the MGC 01. Designed to meet the needs of onshore and offshore site operation, the unit has been developed specifically for the UK market. It can be used with all existing Philips portable tubeheads.

Observing the statutory requirements of visual and audible warning before and during X-ray exposure, the unit has a three-position key-operated master switch. To safeguard staff and equipment, and to prevent unauthorised operation, the intermediate position of the switch allows the cooling circuits only to continue functioning with the key removed. The same master key operates the supply voltage changeover switch.

Operation of the control unit is claimed to be simple. Tubehead current is controlled by a two-position switch to give 8/5mA or 5/2mA depending on the type of tubehead to which it is connected. Exposure time is controlled by an electro-mechanical timer, since this has been found to give the best combination of accuracy and time range.

Protection against damage on site is claimed to be provided by the unit's robust construction and projecting frame design. The casing is sealed against dust and moisture while an internal cooling fan maintains an even temperature for the electronics. The unit weighs 20 kg and measures 370 by 262 by 460 mm over the frame. Wells-Krautkramer is on 021 351 5661.

Corrections

July 30: The working pressure of Howden's device is 100 psi, not 10 psi as stated.

August 19: Doulton's telephone number is 0785 813241; the number given contacts its telecopier.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Space surplus rising

THE AMOUNT of floorspace available in London's principal office locations continues to rise as the impact of the recession finally works through to the market.

The property sector as a whole has so far proved itself to be fairly resilient in the face of the country's economic problems—with the industrial market showing the most obvious signs of stress—but it is becoming increasingly difficult to justify the assertion that the central London office market remains fighting fit.

Figures this week from Debenham Tewson and Chinnocks, the London surveyors and agents, show that by the end of July there was just over 2.5m sq ft of office space available in the EC and WC postal districts of the capital—largely comprised of the City and Holborn areas. It was only in May that the agents reported available space had breached the 2m sq ft mark for the first time since June 1979 and the latest figure represents the highest monthly total since March of that year.

From 1979 until the end of 1980, the availability of office accommodation in the areas covered by the Debenham Tewson survey continued to fall but it has again been on a rising path throughout 1981. The extent of the current supply ing that—in the darkest hours of 1976-77—there was just over 3m sq ft available. On the other hand, there was only 1m sq ft available at one point in 1974.

According to Debenham Tewson, the amount of space let, sold or put under offer in July rose over the unusually low June total but the volume of space coming on to the market rose at an even greater rate.

For some time, agents have been saying that, despite the surplus of space, large units of accommodation have been very hard to find, but Debenham Tewson says that there are now 11 buildings offering over 50,000 sq ft on the market — the largest number in any one month since the autumn of 1977. These buildings alone account for around 35 per cent of the total space currently available, although it appears that most of them are on the fringes and may not be readily acceptable to many tenants.

In the West End, the amount of available first-class space has also been steadily climbing and the latest survey from Leslie Lintott shows that there is now slightly over 1m sq ft of air-conditioned office space looking for tenants as opposed to 300,000 sq ft at the same time last year. A number of schemes in the pipeline could soon be pushing up the availability figures still further.

None of this means that the central London market is about to be put on the danger list but with overall demand for office space looking somewhat less than enthusiastic and with a high level of development completions coming through in the second half of 1981 and into 1982, the outlook looks distinctly unexciting.

There is a fairly widespread assumption that the relative weakness of the major London office markets, which has led to generally stable rentals over the last 18 months, will be quickly dispelled once the recession ends but there are growing signs that any recovery in the economy will be a very measured affair and so the timetable for a surge in office *demand and a resumption of* real rental growth may well have to be extended.

A detectable upturn in the number of office occupiers leaving the central area and the cost-saving exercises being pursued by the major banks—regarded as one of the keys to the City's fortunes—might yet prove to be important factors in determining the timing and strength of any improvement.

The picture could well be used by some people not a million slogans away from County Hall to show that London needs more offices as much as it needs a Thames flood (though some might even prefer that to further rate rises) but the men in the market refer to what they like to call the underlying strength of the office market and remain convinced that it is only a matter of time before demand again outstrips supply.

The chances are that they will be proved right but it is tempting to suggest that while the present sluggishness might be the worst that the market can expect, any significant improvement could be somewhat further away than some have been predicting.

MEPC lets offices in Oxford Street

MEPC has fully let the 44,650 sq ft of office space over its West One retail development in London's Oxford Street. The tenants are Kerr-McGee Oil (UK) and Max Factor and, with rents "close to the asking terms," the total rent roll will be over £750,000 a year. Edward Erdman and Jones Lang Wootton acted for MEPC while Diamond and Co represented the oil company and Drivers Jonas, which acted for Max Factor, is seeking tenants for the group's existing space in Old Bond St and Savile Row W1.

Erdman and JLW are still **looking for tenants for the 10 retail units remaining out of the 26 which form part of the West One scheme. Burtons occupy the 25,500 sq ft store.**

● Heron Southampton Properties—the Heron Corporation/CIN Properties consortium—has started work on the 14-acre industrial scheme at Southampton's Western Esplanade. A £3.8m contract has been let to John Laing Construction. Phase one will provide 146,000 sq ft of space and the first units, to be marketed by Healey and Baker and Edward Erdman, will be ready next autumn. Plans for the retail element of the £110m Esplanade project have just been subjected to a public inquiry.

● National Mutual Life Assurance has paid the City Corporation £850,000 for the freehold of 39 King Street, EC2. National Mutual occupied the building for over 100 years until moving out in 1960 because of a redevelopment scheme. It subsequently obtained a ground lease on the site from the Corporation and built 14,000 sq ft of offices and two shops. Gooch and Wagstaff advised the purchaser.

● Berkeley Hambro Property has paid nearly £2m for the freehold of a 164,000 sq ft industrial investment on Maidenhead's Furze Platt estate. The premises are let for £175,000 a year — with a review in 1985 — to a subsidiary of the British Printing Corporation. King and Company acted for the vendors and Clive Lewis introduced the property to the buyer.

● The Metropolitan Borough of Solihull is to sell what it describes as "the finest commercial site available in the West Midlands." It consists of 12 acres of land in Homer Road, in the town centre, and has outline planning consent for offices and/or an hotel. The council does not want a speculative scheme and is inviting potential buyers to submit schemes.

● British Telecom has paid nearly £2.75m for the 340,000 sq ft Kosset Carpet warehouse complex at Northallerton, Yorkshire. Eddisons acted on behalf of the vendors.

'Watch your step' in U.S.

THE GROWING number of vehicles for investment in American real estate—and the sometimes jingoistic offshore comments made about British estate agents in the process—is beginning to draw some response from UK chartered surveyors.

In the red corner, a few weeks ago, was Jan van Haeften *of Lehndorff, the property* investment and management group, who claimed the British estate agent's knowledge of North American real estate was "limited," that his attempts to advise UK investors were "restricted by lack of experience"; and that "he is not prepared to back his judgment with his own money."

In the blue corner, Simon Agace of Winkworth, is unhappy with the hard-sell approach and is convinced that "individual investors should tread warily when dealing in America."

There will be certainly more discussion of this in the weeks ahead. Early in September, Aminoff and Co., a real estate investment consultancy with offices in Los Angeles, New York and Houston, will join with the Brombard Group of UK tax advisers and investment managers to introduce schemes to assist smaller pension funds to invest in American real estate, and to put together joint ventures with British developers and individuals who are interested in the American market.

Tax is an important consideration. "Americans," says Agace, "can shelter income since, as a rule, *U.S. companies* depreciate their property investments. Foreigners often cannot do this, so they are exposed to a real return.

"In this situation, a UK and a U.S. investor could both put out, say, £100,000 for a basic 4 per cent initial return." But the American, with his tax holiday, "is getting a 15 per cent per annum advantage and can afford to outbid foreign competition."

Then he turns to the question of Americans putting their own money into some sort of joint project. "When you are syndicated with them, you go by their rules," Agace remarks; "you are mixing two different tax bases which, in my opinion, do not appear to be too complementary."

Agace reckons that the whole business of tax compatibility in Anglo-American property investment needs further research and explanation. He also advises potential UK participants to look very closely at the protection of their investment.

"We immediately leap for a chartered surveyor in England," he says. "He is bound by a ruling body, the RICS, with a strong code of conduct—and usually, if he is wise, he will have a professional indemnity policy."

But the best protection of all, Agace reckons, is marketability. "When joining a syndicate," he says, "not *too* much *emphasis* is placed on the marketability of individual shares of a property."

The Agace view of the *optimum investment is* where the individual has the whole deal, or at least control of it as a private investor. "If you cannot afford this and you are still determined to buy, you should do so in the knowledge that you cannot sell your share to anyone else without some basis of valuation."

The individual seller—or, at worst, his heirs—might then have to approach a chartered accountant who would probably depreciate the value of the holding. "Given its status as a locked-in situation," says Agace, "that could be a factor of 45 per cent."

If you have invested in someone else's scheme, he says, they *tend to choose* when to buy you out or sell you on.

Agace is not speaking in a vacuum. He is a board member of Sunbelt Holdings, a Luxembourg-based property investment company with obvious interest in America. He is also a director of Winkworth USA, an incorporated U.S. partnership of project managers, *investors and real estate* developers which has developed a five-acre office/warehouse scheme at Cherokee Valley adjacent to Phoenix airport in Arizona.

His own plan is to put up, eventually, a corporate and quoted vehicle for property investment in the U.S. "A syndicate excluding safeguards *must be wrong*," he says. "The corporate or individual approach must be right."

WILLIAM COCHRANE

هكذا من الأصل

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INTERNATIONAL PROPERTY

COMPANY NOTICES

OLYMPUS OPTICAL COMPANY, LTD.
(OLYMPUS KOGAKU KOGYO KABUSHIKI KAISHA)

S. G. WARBURG & CO. LTD., as Depositary, announce that a dividend of Yen 5.50 per Common Share of Yen 50 has been paid to shareholders on the books of the above Company as of 20th April 1981, in respect of the six months period ended on that date. As a result the Depositary Shares are entitled to a dividend of Yen 110 which converted at the Exchange Rate ruling on 12th August, 1981, of Yen 235.60 = U.S.$1.00—produces U.S.$0.468 per Depositary Share.

After adding the fractional amount brought forward from the last dividend, in accordance with paragraph 12 of the Bearer Depositary Receipt, coupons will be paid at the following rates per Depositary Share—

Under deduction of 15% Japanese Withholding Tax = U.S.$0.40
Under deduction of 20% Japanese Withholding Tax = U.S.$0.38

A fractional amount of U.S.$0.002502 per Depositary Share is withheld and will be added to the next dividend when paid.

Holders of Bearer Depositary Receipts may present for payment Coupon No. 31 which becomes payable on 21st August 1981 at S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London, EC2P 2DL or at the offices of any of the undermentioned Sub-Depositaries subject to deduction of Japanese Withholding Tax and Income Tax (if any) at the appropriate rates. Details of the deductions may be obtained from the Depositary or Sub-Depositaries.

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The Bank of Tokyo, Ltd.,	Brussels, Belgium
The Bank of Tokyo, Ltd.,	Paris, France
The Bank of Tokyo, Ltd.,	Dusseldorf, Germany
The Bank of Tokyo Trust Company,	New York, U.S.A.
Algemene Bank Nederland N.V.,	Amsterdam, Netherlands
Banque Generale du Luxembourg, S.A.,	Luxembourg.

30, Gresham Street,
London, EC2P 2EB
21st August, 1981

S. G. WARBURG & CO. LTD., as Depositary

O. K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the undermentioned half-yearly dividends have today been declared payable on the 30th September, 1981, in the currency of the Republic of South Africa to all holders of the respective classes of shares registered in the books of the Company at the close of business on the 4th September, 1981.

6% First Cumulative Preference Shares — Dividend No. 94 — 3%
5% Third Cumulative Preference Shares — Dividend No. 76 — 2½%

The usual non-resident shareholders' tax of 15% will be deducted where applicable.

The registers of members will be closed in Johannesburg and London from the 5th to 13th September, 1981, both days inclusive, for the purpose of the payment of the above dividends.

By Order of the Board
J. B. PARNALL, Secretary

Registered Offices:
O.K. Buildings,
80 Eloff Street
Johannesburg 2001.
15th August 1981.

London Registrars:
Hill Samuel Registrars Limited
6 Greencoat Place
London, SW1P 1PL

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

Notice is hereby given that a Balance of the Register will be struck on Thursday 3rd September 1981 for the preparation of the half-yearly dividend payable on the FIRST PREFERENCE SHARES for the six months ending 30th September 1981. The dividend will be paid on 1st October 1981.

For Transferees to receive this dividend, their transfers must be lodged with the Company's Registrar Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing Sussex not later than 3.00 pm on Thursday, 3rd September 1981.

By order of the Board

Shell Centre
London SE1 7NA

G J Otell
Secretary

21st August 1981

J. A. DEVENISH & COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 4½% Redeemable Debenture Stock 1981 86 and the 3.85% Cumulative Preference Stock will be closed from the 16th to 29th September, 1981 (both dates inclusive) for the preparation of the warrants for Interest and Dividend payable on the 30th September 1981.

By Order of the Board,
J. A. LUTHWAITE,
Secretary.

Trinity House,
15, Trinity Street,
Weymouth.
31st July, 1981.

COMPANY NOTICES

NOTICE IS HEREBY GIVEN that the London & Westminster (Sterling Brokers) Ltd of Lonwest House, 57-63 Scrutton Street London EC2 has relinquished the Principal's Licence issued pursuant to Section 2 of the Act. The London & Westminster (Sterling Brokers) Ltd. has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the five hundred pounds deposited in pursuance of Section 4 of the Act. Any persons having a claim on the funds representing the deposit should send their names and addresses and details to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, SW1, not later than 21st August 1981

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be closed for one day only on 8th September, 1981 for the preparation of the Dividend Warrants payable on 1st October, 1981.

Dated this twenty-first day of August, 1981.

W. A. COSGROVE
Secretary

Blackwell House
Aldenham Road
Watford
Hertfordshire
WD2 2EY

PUBLIC NOTICES

NEWCASTLE UPON TYNE

£10,000,000 Bills issued 19th August 1981. £8,000,000 at 13[illegible]%, £2,000,000 at 13[illegible]%, to mature 18th November 1981. Total applications were £27,000,000 and these are the only bills outstanding.

EAST SUSSEX COUNTY COUNCIL

£4,000,000 Bills issued 19th August 1981 at 13[illegible]% due 16th November 1981. Total applications £44,500,000. Total Bills outstanding £11,000,000.

CITY OF BIRMINGHAM BONDS

NOTICE IS HEREBY GIVEN that the BOND REGISTER will be CLOSED from 1st September to 30th September, 1981, both dates inclusive, for the preparation of interest due 1st October, 1981.

B. D. LLOYD, City Treasurer

City Treasurer's Department,
Council House,
Birmingham B3 3AD.

CLWYD

£2m Bills from 18th August 1981 to 17th November 1981 at 13[illegible]%. Applications £10.5m. £10m outstanding.

PERSONAL

HOW DO YOU MANAGE? — A question often asked of MHA. How has it been possible to open one new Home for the elderly every year for 35 years? The basic answer is "by legacies" Will you also remember MHA in your Will to help us continue the good work? Please write for a leaflet telling the MHA story of one man's vision becoming a nation's caring. Methodist Home for the Aged, 11, Tufton Street, Westminster, London SW1P 3QD.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Discs and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69 Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am Mon.-Fri. Closed Saturdays. 01-437 6455

ART GALLERIES

FIELDBORNE GALLERIES, 63, Queens Grove, St Johns Wood, 586 3600. Summer Exhibition.

LEFEVRE GALLERY, 30 Bruton St., W1. 01-493 1572/3 20th CENTURY WORKS on VIEW Mon.-Fri. 10-5.

MATHAF GALLERY, 24 Motcomb Street, London SW1. Tel 235 0010. Exhibition of Lithographs—David Roberts.

MARLBOROUGH, 6 Albemarle St. W1. 20th Century Paintings and Sculptures—Summer Exhibition. Mon.-Fri. 10-5.30. Sat. 10-12.30 Until 23 Sept

TRAVEL

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A FINANCIAL TIMES SURVEY
CHINA
NOVEMBER 30, 1981

The Financial Times proposes to publish a survey on China. The provisional editorial synopsis is set out below.

The Survey will have as its theme the violent change in political direction and the subsequent economic retrenchment in the wake of the death of Chairman Mao. The survey will fall in three parts. The first will consist of a series of nine articles focusing on the major aspects of China's political and economic policies and how these have been affected by the readjustment. The second will consist of a comprehensive statistical section of the chief economic, financial and social indicators in a compact and easy-to-read form. It will also include graphic illustrations of the country's political and military structure. The third part will take the form of profiles of three of China's major regions. The aim will be to study the country's problems in microcosm and relate them to the readjustment process and the race for development.

Editorial coverage includes:

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Foreign Affairs
Trade
Military
Energy
Agriculture
Business in 1982
Profiles/Interviews
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

APPOINTMENTS

Senior Citicorp International Bank changes

Mr John C. Botts, at present executive director, Middle East-Africa department of CITICORP INTERNATIONAL BANK (CIBL) has been named as *managing* director and chief executive. He will also head the Europe-Middle East-Africa division of Citicorp's merchant banking group. At the same time **Mr James W. Stevens**, executive vice-president in charge of the merchant banking group in New York has been appointed also to be chairman of CIBL.

The retirement is announced of **Mr George E. Putnam**, senior vice-president, as chairman of CIBL in London at the end of August. *He will take up a new* appointment in San Francisco on October 1 as president and chief executive officer of CROCKER FINANCIAL ADVISORS, a subsidiary of Crocker National Corporation. He has also been elected executive vice-president of Crocker Bank and its parent corporation.

Crocker Financial Advisors was formed recently to conduct the corporation's merchant banking activities worldwide, including loan syndications and Euro-security issues.

★

Mr Michael D. Lippold, sales director, and **Mr Colin M. Brangwin**, technical director, have been appointed joint managing directors of F. W. THORPE. **Mr Andrew B. Thorpe** joins the board.

★

Mr E. C. Perry has been appointed group financial director *and secretary of group companies* by UESCO MANUFACTURING COMPANY of Bedford. **Mr J. D. Cranswick** has become marketing manager. Mr Perry was previously with British Hovercraft.

★

Mr Aage Damgaard has been *appointed managing director of* AVERY LABEL SYSTEMS, of Maidenhead. **Mr John Dale** has become marketing manager.

Mr Robin Berriman has been appointed *financial controller of* EDBRO (HOLDINGS) following the resignation of **Mr Walter Taylor** as finance director.

★

Mr John Wright, marketing director of the Bifurcated and Tubular Rivet Company and director of BE Midlands, has been *appointed a director of* JEP-ALPINE FASTENERS with responsibility for commerce and finance.

★

Mr Andrew Whiston has been appointed a director of DEWRAMET, a subsidiary of Dewramet Holdings.

Mr Jeremy Lloyd is to join ANTONY GIBBS AND SONS as a director. He was formerly with Manufacturers Hanover Trust.

★

Mr Guy Green has been appointed to the board of JOHN PLUMER AND PARTNERS, Lloyd's brokers, to expand the company's non-marine re-insurance account.

★

Mr Norman Heath has been appointed manufacturing director of *STEPHENS BELTING COMPANY*. He has been general works manager of the company for the last two years since the retirement of **Mr Bernard Stanley**.

★

Mr Ian M. Baker has been appointed to the board of BENN *PUBLICATIONS. He joined the* company in 1975 as editor to one of its leading journals, Cabinet Maker and Retail Furnisher, and now assumes responsibility as publishing director for that journal and the newly acquired Carpet Review.

★

Mr Ron King has been appointed managing director of ROGER MALCOLM, a subsidiary of Capital and Counties, *following the resignation of* **Mr R. C. Perriton**. Mr King was previously chief executive of the housing division of Tarmac.

CONTRACTS

Exchange for Heathrow

Work has started at London's Heathrow Airport on building a computer-controlled automatic telephone exchange, with a capacity for 459 exchange lines and 5,000 extension lines. The exchange is being built on a road island at the south end of Terminal 2 at the entrance to the cargo terminal tunnel. The building will cost £600,000 and the telephone equipment will cost just under £2m. The building is to be completed by *September 1982 and the exchange* will be operational from November 1983. Contract for the building has been awarded to **W. S. TRY** and the exchange installations will be carried out by **THORN ERICSSON TELECOMMUNICATIONS.**

★

PERCY LANE, *Tamworth*, has secured a contract worth over £500,000 for a double-glazed hopper-type window for the new generation of British Rail rolling stock.

★

SMITHS INDUSTRIES has won an order for its flight management computer system for the British Caledonian Airways fleet of A310 aircraft.

★

The process equipment division of **WELLMAN MECHANICAL ENGINEERING**, Darlaston, has won an order for a chemical plant worth over £1m, from Parsons and Whittemore Lyddon. This contract is for evaporator equipment additional to a plant already supplied by Wellman. The evaporator will be used to concentrate black liquor in a wood pulp mill.

★

PMSL Computer Services, Yorkshire-based D.P. subsidiary of the Provident Financial Group, has placed orders with ICL for a laser printing system and an ICL 2966, both to be installed later this year. Total value is over £1m.

★

WELDWORK CARGO SYSTEMS has been awarded a contract by British Airways to manufacture and install an export container handling system at London Heathrow Airport. The equipment worth nearly £1m, will consist of two 20 ft elevating vehicles for dolly and road vehicle transfer; two 10 ft elevating travelling vehicles, feeding multi-level storage cells; two landside elevating travelling vehicles at 8 in nominal top of roller height; with associated elevating build up stations with weighscales, powered turntables and lifting transfer decks.

★

FERRANTI COMPUTER SYSTEMS, Bracknell division, has received an order worth £750,000 for 12 FM 1600D airborne computers with spares support from EMI Electronics. The FM 1600D is being incorporated in the Searchwater radar system to be installed in the Royal Air Force's Nimrod Mk2 maritime reconaissance aircraft.

Midland International Financial Services B.V.

U.S. $150,000,000 Guaranteed Floating Rate Notes 1991

Notice is hereby given to persons entitled to definitive Notes representing the above issue that they may receive such Notes on and after 11th September, 1981 upon presentation to Euro-clear Clearance System Limited of a duly completed form of certificate pertaining to non-United States beneficial ownership available at the offices of Euro-clear, Avenue des Arts 35, Brussels. Cedel S.A., 67 Bd. G-D Charlotte, Luxembourg and each Paying Agent.

21st August 1981

European Banking Company Limited
Agent

PROPOSED MERGER OF GT FOUR YARDS FUND INTO GT INCOME FUND

The proposed merger of GT Four Yards Fund into GT Income Fund has been approved (on poll votes) at Extraordinary General Meetings of both Funds held on 20th August 1981.

D. T. H. Nicholson
Secretary
GT UNIT MANAGERS LIMITED

GT UNIT MANAGERS

LOMBARD

Mr Lawson and the critics

BY ANATOLE KALETSKY

THE PUGNACIOUS response by Mr Nigel Lawson, the Financial Secretary, to the Alternative Economic Strategy, published this week by three of Britain's most experienced applied economists, illustrates with distressing clarity one of the main reasons why the British economy is now in such a mess.

Opportunity

When Mr Lawson issued a statement comparing the Government's critics with "a Test cricketer who has been dropped after a succession of failures in which he has scored no runs, dropped every catch and had his bowling hit all over the ground"—he was not only lowering the general tone of economic debate. More importantly, he was foregoing an excellent opportunity to explain and justify what the Government thinks it is doing.

Even the Government's admirers have complained about its failure to explain its policies clearly to the public. A major reason for this failure has been the refusal by ministers to engage in rational debate with their critics. One good discussion between tolerant and well informed opponents could do more than any number of bombastic speeches to clarify the issues.

One possible way of reconciling the positions of the Government and its critics would be to argue that they are addressing different problems.

Most applied economists have traditionally been primarily concerned with finding policies for economic stabilisation — the problem of ironing out business cycles.

The main objective of the "alternative strategy," which Professors Hopkin, Miller and Reddaway have recommended, would be to pull the economy out of a typical business-cycle slump of unprecedented severity and get it back to somewhere near its full employment growth path.

The experience of the past 30 years suggests that the sort of cautious, step-by-step, policies of monetary relexation, devaluation and reflation which the Professors recommend would, within a year or two, significantly increase Britain's output. Followed over a longer period they would, particularly if supplemented by an incomes policy, prevent the economy deviating too far from its long-term trend path.

The Government, in contrast to the economic establishment, seems to be more interested in the problem of altering the trend than in ensuring that the economy stays near the trend line. It is prepared to countenance a slump and to sacrifice what could have been several years' relatively rapid growth if the economy were pulled out of the recession, in the hope of establishing a new long-term growth path, albeit one starting from a lower level.

Posed in this way the debate between the Government and its critics begins at least to become intelligible. It is quite possible for reasonable people to disagree about whether it would be better for the economy to return quite rapidly, say, to the trend established in the 10 years before 1979—a 2 per cent annual growth rate—or to try to tilt the trend line sharply upwards—for example to 5 per cent annually—even though this might take years of hardship to accomplish.

Evidence

In a debate presented like this, the Government could explain the benefits to the nation if a growth rate of 5 per cent were established after a further two years of "scraping along the bottom" of the present recession. If this happened, then by 1988, output would be restored to the level it would have been at if the 2 per cent average growth rate had continued from 1979 onwards.

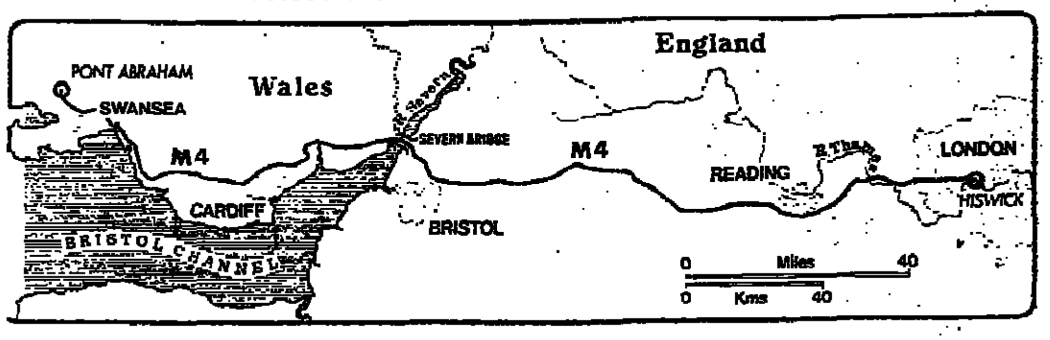
The Government's opponents could argue that there is no evidence to suggest that a prolonged recession in which the Government eschews stabilisation polices can do anything but harm to the long-term growth trend. Perhaps, after all, Mr Lawson is right to avoid presenting his case too clearly.

Finding the missing motorway link

BY ANTHONY MORETON

AROUND BRITAIN

THE M4



WITH THE announcement that the last remaining link in the M4 around Bridgend, is to be opened on September 18, Britain's motorway programme is now running to a stop.

There are only two major motorway projects to be completed, the M25 London ring road and the M40 from Oxford to Birmingham. When these are built there will be just sections here and there under construction. No new route of any consequence is planned.

Britain's motorway network has therefore been all-but completed in the 20 years since the Preston bypass, part of the M6, was opened by Mr Ernest Marples, who was then Transport Minister.

Like so much of Britain's motorway programme, the M4 has been built in a piecemeal fashion. First there was the link between west London and Reading; then the Severn bridge and its approach roads either side; Reading to Bristol; and parts in Wales.

Now it is completed, some 190 miles from London to a little place called Pont Abraham that few people even in Wales have heard of. Pont Abraham is west of Swansea and north of Llanelli.

The cost of the road in Wales is £490m at current prices but this is certain to rise because there are continuing improvements—such as widening the two-lane sections into three around Newport—and beyond the M4 a dual-carriageway is to be built around the noted black-spots of St Clears and Carmarthen.

The pity, and both politicians and planners must be criticised for this, is that the motorway was not taken as far as Fishguard.

The ferry port is one of the two most important gateways to southern Ireland and the number of heavy articulated lorries forcing themselves along the narrow roads of West Wales is not good for those who live alongside them or for other road users.

From the Welsh point of view the opening of the £12.5m Severn bridge in September 1966 was crucial. Although it only saved 60 miles to the next crossing of the Severn at Gloucester the tolls were set at such a low point— 2s 6d for cars in the old currency or 12½p, since raised to 20p; compare this with £1 for the recently opened Humber bridge— that it immediately offered enormous savings to traffic users.

The result was a rapid rise in the number of vehicles crossing the bridge. In the first full year 5.8m vehicles used it and that number quickly doubled and is now around 11.6m.

More important are the number of daily crossing and the number of crossings at peak periods. The bridge can handle 50,000 cars and lorries a day and it was originally estimated that this figure would be reached by 1990.

The average number crossing now is about 32,000 but on several occasions the bridge has come near to handling its theoretical capacity though whether the recent rapid rise in petrol costs will choke off the growth has still to be seen.

So long as the capacity is not exceeded on more than a few days a year and for short periods of the day—between 5pm and 7pm on the Thursday before Easter for instance, or on the Friday and Sunday evenings of one of the summer bank holiday weekends—the pressure can be absorbed.

But the number of peak periods is increasing. It is thought tailbacks for a mile or two, that endanger traffic on the approaches, will be achieved on about 50 days a year by 1985 and on about 160 by 1990, subject to the effect on traffic of rising fuel prices.

Figures such as these have led to the planners in the Welsh Office and the Ministry of Transport revising their ideas about the need for a second bridge. Although such a bridge is not needed now it could be, if present traffic growth continues, by the turn of the century.

But would the Government finance another bridge, given that the cost of the Humber bridge came out at £91m—or £125m by the time capitalised interest was taken into account.

Economically, the motorway has done wonders for South Wales. It enabled Wales to attract new industry, the largest being the establishment of Ford's £230m engine plant at Bridgend. Ford at the time let it be known that without the road and its easy access to London and the Midlands, via the M5, the plant would have gone elsewhere.

Nor was Ford alone. Setpoint opened in Newport as did Mitel and Inmos. National Panasonic went to Cardiff, Sony to Bridgend. The road was clearly important to their decisions. It also helped the infrastructure of the whole area, a point that organisations such as the Confederation of British Industry had been stressing for some time. Some nationalists might complain that what Wales really needed was a better north-south link but they are in a minority and almost certainly wrong.

The road also forced others to compete and so further enhanced the attractions of South Wales.

In 1977 British Rail introduced the 125 High Speed Train on the route between Paddington and Swansea simultaneously with the Paddington-Bristol run — 101 minutes to cover the 122 miles between London and Cardiff.

Improvements in the freight link between South Wales and both London and the West Midlands were introduced. Suddenly, Cardiff, Swansea, Newport and the Welsh valleys became more attractive in investment terms.

Much of this can be attributed to the motorway. There are still small improvements to be made — there is no service station in Wales — and a case could be argued to extend the road to Fishguard. But the big advance has been made and although it has taken 15 years from the opening of the first section it has been worth the wait.

Piggott set for Kempton double

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who had a quiet time at York, his favourite course, by his own high standards should be among the winners at Kempton this afternoon.

The champion elect, who rode a masterful race to bring home Sanu in the opening Orleans Nursery on the corresponding card at Sandown a year ago, should be on the mark this afternoon with both Bedford and Crispin.

Bedford, who looked a promising middle-distance performer last autumn, is taking a long while to fulfil expectations, but may be ready to do himself full justice, after his recent effort at Ascot.

Leaving his previous form of the current campaign well behind, in arguably the season's most competitive three-year-old maiden, the Cranbourn Chase Stakes, Bedford kept on well to run Crimson Royale to two and a-half lengths with Charlie Dan one and a-half lengths back in third place.

Crispin, one of the most consistent stayers in training, probably ran the race of his life when failing by just a head to concede 16 lb to Worth Avenue in Lingfield's Gatwick Handicap after a short head defeat by Ayyabaan in the Brown Jack.

He looks worth another chance in the Hook Handicap. Here the Arundel four-year-old, who has finished out of the first three only once in a busy campaign, may have most to fear from Teapot, the gambled-on Folkestone disappointment.

Teapot, a tough mare for whom a faster early pace would have been beneficial on the Kent track where she shouldered 9 st, looks to have been let in lightly here, with 7 st 7 lb.

There were few better juvenile fillies last term than Doobie Do and this three-year-old from the "One in a Million" camp should be a deserved winner of the Atlanta Stakes.

Inspite of the claims of Rockfest from America in Chester's opening Greyfriars Maiden Stakes, I have no hesitation in going for Eurodancer, the Minstrel's chesnut son.

KEMPTON
2.00—Best Bold
2.30—Bedford**
3.00—Dr Faustus
3.30—Mr Sugar
4.00—Crispin
4.30—Doobie Do*

CHESTER
2.15—Eurodancer***
2.45—Rashana
3.15—Northgate Lodge
4.15—Street Market
4.45—Etty

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight, Tues. Thurs 7.30: THE MERRY WIDOW. Tomor 5.00: TRISTAN AND ISOLDE. Wed 7.30: ORFEO. 104 balcony seats avail from 10 am on day.

ROYAL FESTIVAL HALL. 01-928 3191. Until Sept 5. Eves 7.30. Mat Sat 3.00. ...

THEATRES

NEW LONDON. CC. Drury Lane, WC2. 01-405 0072 or 01-405 1567. Evgs 8.0. Tues and Sat 3.0 and 8.0. CATS. THE ANDREW LLOYD WEBBER T. S. ELIOT MUSICAL. ADDITIONAL BOX OFFICE (at normal prices): The Ticket Centre next to Wyndham's Theatre. (Charing X Rd. Grp sales 01-405 0075 or 379 6061. LATECOMERS NOT ADMITTED ...

ST. MARTIN'S. CC 836 1443. Evgs 8.00. Tuesday 2.45. Saturdays 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year. SORRY. We never do reduced prices. Theatre fully air-conditioned.

SHAFTESBURY. CC. Shaftesbury Ave. WC2. Box Office 836-6595 or 636 4255. Credit card bookings 930 0731 (4 lines). 9.30-6.00 379 6565. Sats. 9.30-4.30. Group bookings only 01-839 3092. MARTIN SHAW, GEMMA CRAVEN in THEY'RE PLAYING OUR SONG. Prices Stalls, Royal Circle £8.00 £6.50 £5.00. Circle £3.50 £2.50. OAPs £4.00 (Wed. Mat only best seats. Students standby £4.00). Evgs 8.00. Mats Wed 3.0. Sat 5.00 and 8.30.

THEATRES

SHAW. 01-388 1394. NYT Silver Jubilee Season. Opens Today at 7.00 with Jonson's BARTHOLOMEW FAIR. Sub Evgs 7.30.

STRAND. CC 01-836 2660-4143. 8.00. Mats Thurs 3.00. Sats 5.30 and 8.30. (From Sept 12 Sats at 5.00 and 8.00). 11th HYSTERICAL YEAR OF THE ...

CINEMAS

... 3: AMERICAN POP (AA). Progs 1.50 (not Sun.). 3.30. 5.50. 8.10 in Dolby Stereo.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310. Opp Tottenham Crt. Rd Tube. Fully air-conditioned. 1: TIME BANDITS (A). Progs 1.10 3.30 5.55 8.20. 2: AMERICAN POP (AA) in Dolby Stereo. Progs. 1.30. 3.45. 5.05. 8.30. 3: HERBIE GOES BANANAS (U). 1.00. 3.40. 6.20. 9.05. FLASH THE TEENAGE OTTER (U). 2.35. 5.20. 8.00. 4: THE CLASH OF THE TITANS (A). Progs 12.50. 3.10. 5.30. 8.00. 5: AIRPLANE (A). Progs 12.45. 2.45. 4.45. 6.45. 8.45.

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TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.50 The Wombles. 9.55 Jackanory. 10.10 Godzilla. 10.35 Take Hart. 10.55 Golf: Benson and Hedges International Open. 1.12 pm Regional News for England (except London). 1.15 News. 1.30 Chigley. 1.45 Croeso yn Hong Kong. 2.15 Golf: Benson and Hedges International. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 The Space Sentinels. 5.05 The Monkees. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Oh Happy Band!
6.50 Doctor in the Zoo.
7.40 Sink or Swim.
8.10 "The Rose Medallion."
9.00 News.
9.25 Knots Landing.
10.15 Tom Paxton (London and South East only).
10.45 News Headlines.
10.50 The Late Film: "Model Shop," starring Anouk Aimée.

All regions as BBC-1 except as follows:

Cymru / Wales — 1.30-1.45 pm Bys a Bawd. 5.05 The Amazing Adventures of Morph. 5.15-5.35 Un Noson Dywyll. 5.55 Wales Today. 6.20 The Wonderful World of Disney. 7.05 Newyddion. 7.10-7.40 Prydain Fechan. 10.15 Western Welsh. 10.45-10.50 News for Wales. National News.

Scotland — 10.05 am The Wombles. 10.10 Cheggers Plays Pop. 10.30-10.55 Think Again. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland. National News.

Northern Ireland—4.18-4.20pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Cook with Clare. 10.45-10.50 News for Northern Ireland. National News.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend: Midlands (Birmingham) — Nights at the Swan: North (Leeds)—Direct Line: North East (Newcastle)—Heroes: North West (Manchester)—The Music Scene: South (Southampton)—More ways than one: South West (Plymouth)—That's Rich: West (Bristol)—Blitz on Bristol.

BBC 2

6.40-7.55 am Open University.
11.00-11.25 Play School.
4.20 pm Golf: Benson and Hedges International Open.
4.50 Open University.
6.55 Six Fifty-Five Special.
7.30 Mid-Evening News.
7.45 Gardeners' World.
8.10 "Casablanca," starring Humphrey Bogart and Ingrid Bergman.
9.50 Gaelic Weekend.
10.20 Stuart Burrows Sings.
10.55 Newsnight.
11.40 Bullseye.
12.10 am Golf (highlights).

LONDON

9.30 am Larry the Lamb. 9.40 The Story of Wine. 10.10 The Bubblies. 10.15 Nature of Things. 11.05 Bracken. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 One in a Hundred. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from Kempton Park. 3.45 Father Dear Father. 4.15 Bugs Bunny. 4.20 Storybook International. 4.45 Freetime. 5.15 Sale of the Century.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 Return of the Saint.
8.30 That Beryl Marston ...!
9.00 Ladykillers.
10.00 News.
10.30 Police 5.
10.40 End of Part One.
11.10 Starting Out: An inquiry into London's Schools.
12.10 am Stars on Ice.
12.40 Close.

All IBA Regions as London, except at the following times:

ANGLIA

9.20 am Larry the Lamb. 9.30 Speedway. 10.05 Cities. 10.55 Cartoon Time. 11.10 Pro-Celebrity Darts. 11.40 Razzmatazz. 1.20 pm Anglia News. 3.45 The Entertainers. 5.15 Winner Takes All. 6.00 About Anglia. 7.00 Sale of the Century. 10.30 Side by Side by Swinfield. 11.00 Soap. 11.30 Friday Late Film: "The Illustrated Man," starring Rod Steiger. 1.25 am Christians In Action.

ATV

9.40 am Something Different. 9.55 The Wild, Wild World of Animals. 10.20 George Hamilton IV. 10.45 In Focus. 11.10 The Further Adventures of Oliver Twist. 11.40 Razzmatazz. 1.20 pm ATV News. 3.45 In Search Of . . . Troy. 6.00 ATV Today including ATV Sport. 7.30 Vegas. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.05 David Janssen—TV Superstar.

BORDER

9.35 am Larry The Lamb In Toytown. 9.45 Sesame Street. 10.45 Who's Afraid of Opera. 11.10 Survival. 11.35 Razzmatazz. 1.20 pm Border News. 3.45 Untamed World. 6.00 Lookaround Friday. 6.30 Enterprise. 7.30 Vegas. 10.30 Look Who's Talking. 11.00 Soap. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 6.10 Disney Cartoons. 6.20 The Lost Islands. 7.30 240 Robert. 10.28 Channel Late News. 10.32 Target The Impossible. 11.05 Late Night Movie: "Hammerhead." 12.45 am News and Weather In French.

GRAMPIAN

9.45 am First Thing. 9.50 Survival Special. 10.45 Story Hour. 11.40 Razzmatazz. 1.20 pm North News. 3.45 A New Kind of Family. 6.00 Summer At Six. 6.30 Happy Days. 7.30 Vegas. 10.30 Late Night Horror Show: "Dracula," starring Jack Palance. 12.15 am North Headlines.

GRANADA

9.30 am A Big Country. 10.00 European Folk Tales. 10.10 Razzmatazz. 10.30 Comic Stories. 10.35 The Flying Kiwi. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Our Little Town. 5.15 Survival. 6.00 Granada Reports News. 6.05 A View From The Lakes. 6.30 WKRP in Cincinnati. 7.30 The Incredible Hulk. 10.30 Barney Miller. 11.00 For Adults Only: Elizabeth Taylor in "Suddenly Last Summer."

HTV

9.50 am Razzmatazz. 10.10 Beachcombers. 10.35 The Entertainers. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 Do You Come Here Often? 6.00 Report West. 6.30 WKRP In Cincinnati. 7.30 The Incredible Hulk. 10.28 HTV News. 10.35 Cinema Club: "The Widow Couderc," starring Alain Delon and Simone Signoret.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 Y Tiroedd Colledig. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

9.55 am Portrait of a Village. 10.20 Wild, Wild World of Animals. 10.45 Young Ramsay. 11.40 Razzmatazz. 1.20 pm News Headlines and Road and Weather Report. 3.45 Circus. 6.00 Scotland Today (report from the Edinburgh Festival). 6.25 Sports Extra. 6.45 Hear Here. 7.30 The Incredible Hulk. 10.30 Meet Paul Coia. 11.00 Festival Focus. 11.45 Golfing Greats (Jack Nicklaus). 12.15 am Late Call.

SOUTHERN

9.35 am Untamed World. 10.00 The Lost Islands. 10.25 Afloat. 10.55 The Human Face of China. 11.20 European Folk Tales. 11.40 Razzmatazz. 1.20 pm Southern News. 3.45 Our Little Town. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Survival. 10.35 Bread and Circuses. 11.05 "Death Scream."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Untamed Frontier. 9.50 George Hamilton IV. 10.15 Bailey's Bird. 10.35 Sesame Street. 11.40 Razzmatazz. 1.20 pm North East News and Lookaround. 3.45 Leave It To Charlie. 5.15 Let's Rock. 6.00 North East News. 6.02 Showcase. 6.30 Northern Life. 7.30 Vegas. 10.30 North East News. 10.32 Thriller: "In The Steps Of A Dead Man." 12.00 Welcome Back, Kotter. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 3.45 Survival. 4.13 Ulster News. 6.00 Good Evening Ulster. 6.30 Let's Rock. 7.30 The New Avengers. 10.29 Ulster Weather. 10.30 Witness. 10.35 The Incredible Hulk. 11.35 Bedtime.

WESTWARD

9.35 am Sesame Street. 10.35 Vicky The Viking. 11.00 Cities. 11.55 Wattoo Wattoo. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 240 Robert. 10.32 Westward Late News. 10.36 Western Approach. 11.05 Late Night Movie: "Hammerhead." 12.45 am Faith For Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Larry The Lamb. 9.40 The Amazing Years of the Cinema. 10.05 Young Ramsay. 11.00 Razzmatazz. 11.25 Welcome Back Kotter. 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 3.45 Do You Come Here Often? 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 7.30 The Incredible Hulk. 10.30 Benson. 11.00 The Friday Night Film: "Order to Kill."

(S) Stereophonic broadcast
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newspapers. 5.45 Roundtable with Mike Read. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Bob Kilbey (S). 2.00 pm Ed ... .45 News, Sport. 6.00 David Symonds with Much More Music (S). 8.00 Barn Dance (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Four It Maclean. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight from The Edinburgh Festival. 1.00 am Truckers Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Enescu (S). 10.00 Tchaikovsky (S). 11.00 Edinburgh Festival (S) (part 1). 11.30 Festival Comment. 11.45 Edinburgh Festival (part 2). 1.00 pm News. 1.05 BBC Northern Symphony Orchestra (S). 2.05 Smetana String Quartet (S). 3.50 English Cathedrals and their Music. 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Proms 81 (part 1) (S). 7.40 Third Opinion. 8.00 Proms 81 (part 2) (S). 9.10 Henry Quick (1792-1857). 9.30 Proms 81 (S). 11.00 News. 11.05-11.15 Purcell (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 "Games At Twilight." 8.59 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 The Memoirs of J. K. Galbraith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Duchesses of Drury Lane. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year In Question. 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Birmingham. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Weigh-In. 4.15 Did Neddy Noodle Nic His Neighbour's Nutmegs? 4.45 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 With Great Pleasure (S). 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 One Woman's Arabia. 11.45 Friday Treat with Dilly Barlow.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 Telephone Programme. 12.30 pm London News Desk. 12.40 MMM . . . Maitland's Midday Music. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

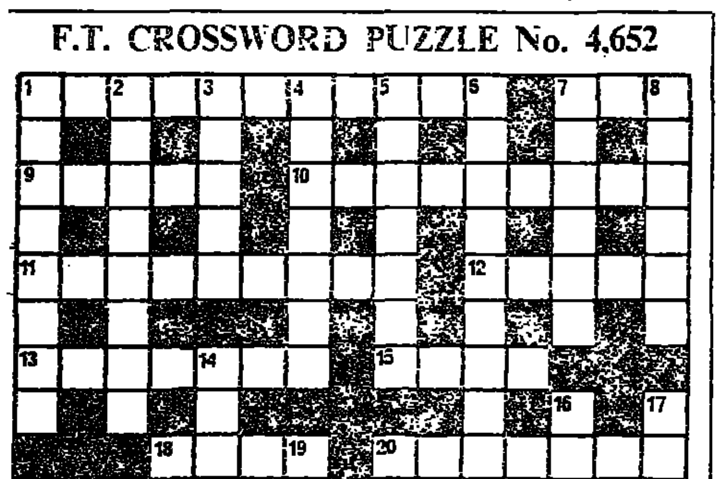
London Broadcasting

6.00 am AM—Douglas Cameron and Douglas Moffitt. 10.00 John Perkins. 12.00 LBC Reports. 7.00 pm London Life. .00 Therese Birch's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 Who Rules London? 4.30 City Week. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 John Sachs. 6.30 London Tonight. 7.00 Capital Radio Jazz Festival. 8.30 Charlie Gillett. 10.30 Greg Edwards. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,652



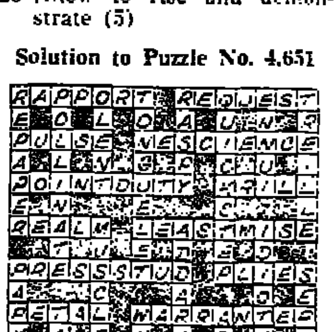
ACROSS

1 For each cherished rodent or executor (11)
7 and 28 Vessel to test in larder (6)
9 Lunar disturbance produced from a bone (5)
10 Trapped spirit that is often beaten (5-4)
11 Bump into continental with boat propeller (9)
12 Experience nice perception (5)
13 Swinging cross-bar to catch with ease we hear (7)
15 Period of time, yes? Right! (4)
18 Fail to meet a young lady (4)
20 The name possibly used for a gas (7)
23 Flight I caught like magic (5)
24 Can beginner produce a means of access to food? (3-6)
26 Measure an impression for a means of identification (9)
27 Flower seen on beast's face (5)
28 See 7 Across
29 Saintly race some French general employed for trickery (11)

DOWN

1 Salt fruit to get one's teeth into (8)
2 By-pass telephone on the way (4-4)
3 Nest that sounds weird (5)
4 Bring back for repair (7)
5 Run quickly in attempt for decoration (7)
6 Concerning competitor in the concavity between two salients (2-7)
7 Examine in detail country to the south-east (6)
8 More than one has less feeling (6)
14 Belonging to bishops—or to projectors? (9)
16 Gain loam mixture from a flowering tree (8)
17 Chelonian from region around Portuguese capital (8)
19 Mounting of jewellery and hair-dressing (7)
20 I must leave minister for cathedral (7)
21 Gain advantage and make progress (6)
22 No duck in pen is haughtily supercilious (6)
25 Allow to rise and demonstrate (5)

Solution to Puzzle No. 4,651



THE ARTS

Freemason's Hall, Edinburgh

The Brothers Karamazov

by B. A. YOUNG

The double act of Richard Crane and Faynia Williams, writer and director, is better known in Edinburgh than anywhere except possibly Brighton, where they now have their own company, the Brighton Theatre. This is the company we see in this adaptation by Mr Crane of the *Brothers Karamazov* for four players in two hours.

It doesn't present all the book or anything like it; but it shows us the Karamazov family—father and three sons, Ivan Demitry and Alyosha, besides the *illegitimate* Smerdyakov and it establishes their relationships and their destiny as far as Dostoevsky took it. The first of two acts paints the social and moral background. We begin in Father Zossima's cell where Old Karamazov has come to settle his dispute with Demitry the prodigal brother. Smerdyakov tells us of the *circumstances of his birth*, we learn of the hatred between Demitry and his father, of the jealousy over Grushenka. As an interlude that adds nothing to the narative but colour, there comes the story of the Grand Inquisitor and the second coming of Jesus, with the principles *played in person*. Ivan leaves home for Moscow—and that night Karamazov is murdered.

Ten characters so far for four players. Basically, Ivan is played by Alan Rickman, Demitry by Bruce Alexander, *Alyosha by* Stephen Boxer and Smerdyakov by Peter Kelly, a pretty fair array of talent. But any one of them may turn without warning into someone else, changing sex if necessary, and indeed one character, maybe played by more than one actor. I suspect that this first Act may not be easy to follow, for anyone who hasn't read the book lately.

The Second is more straight forward. True, the body that lies under a blanket at the start is not that of Karamazov but of Zossima, *to help* us see further into the mind of the devotional Alyosha; but then follows the interrogation of Demitry by his brothers on suspicion of having killed the old man, and the subsequent trial ending with Ivan's encounter with the devil after his conclusive interview with Smerdyakov.

Faynia Williams' production is full of interesting movement. She uses a raised stage in the shape of a Lorraine Cross though action overflows into every corner of the Freemasons Hall basement. There is no suggestion of representational scenery and only the merest concession in the costumes. Yet *Dostovesky world rises* menacing out of the words and their able Speaking by the four players. I could have done without the musical settings of Schiller's poems that Mr Crane has interpolated, ending rather to my surprise with the Ode to Joy sung by the four brothers with their hands clasped in friendship. But mostly I found *the adaptation faithful and* affecting, and I commend it on its forthcoming tour.

Young Vic

Pygmalion by MICHAEL COVENEY

Leonard Burt

Sebastian Breaks, Lorraine Chase and Richard Easton

When the lovely Cockney model Lorraine Chase opens her mouth in the TV commercial to whine "Luton Airport" she gains the *same sort of* shock laughter as Eliza Doolittle's exclamation of "Not bloody likely" in Mrs Higgins's drawing room.

That may not have justified Denise Coffey casting her in the revival of the January Young Vic production which starred Lesley-Anne Down. How would she graduate to manufactured duchess at the Embassy Ball? The suspense is genuine for the first time in my experience of the play, and Miss Chase carries off the part superbly. Instead of a posh actress roughing it for the first half, this endlessly fascinating play is given the correct dynamic by a close *identification* of the character's risk with the actress's.

The action is played on a bare, sloping black stage decorated only with a few bentwood chairs. There are no properties—no piano or machinery in Higgins's study, not even any chocolates. The grouping of the aristocracy in St Paul's portico is cleverly echoed in the drawing room scene.

Following the example of the Glasgow Citizens' recent production, Miss Coffey has incorporated sections of Shaw's film script and many of the stage directions. She creates the character of GBS (David Dodimead) as manipulator of the play and he also takes on Mrs. Pearce, Neppomuck and assorted low life characters. This experiment is only partially successful, *tending to* clog the delicate ambiguity of the play's concluding scenes.

A much better idea is the slight coarsening of the aristocracy in order to expose their pretensions, an idea splendidly embodied in Betty Marsden's dubiously imperious Mrs Higgins. When Liza declares to Higgins that she has forgotten her own language and can speak only his, the complaint carries serious implications of class dislocation. This fits in well with the fate of her father, the philosophical dustman played quite brilliantly by Stephen *Lewis*.

Miss Chase looks both ravishing and vulnerable at the Ball, gaining in confidence as Higgins (Richard East) is gradually exposed as an interfering, inconsiderate overgrown schoolboy. *The only element missing* is a subtext of sexual fascination.

Elizabeth Hall

El retablo & Pulcinella

by MAX LOPPERT

Simon Rattle's unhackneyed skill in compiling South Bank Summer Music programmes paid off, on Wednesday, in one of the freshest and most enjoyable programmes of the current season. To put on the same bill Falla's puppet-opera *El retablo de maese Pedro* and the complete Stravinsky *Pulcinella* was a masterly method of demonstrating, without *being solemn* or didactic about it, two contrasted 20th century attitudes to past music. Each work, in a performance of high but never self-conscious brilliance by the London Sinfonietta, set the other off in the best way.

Falla pays homage, with all the economy of his fastidiously introspective genius, to Cervantes, and to a Spanish musical Golden Age; Stravinksy "*appropriates*" from 18th century Naples, audaciously, and with total lack of ceremony. In both scores, concert performance sacrifices something but by no means everything—*especially if the concerted and* solo attack is as clean and forthright as it was on Wednesday; Falla's processionals, his pungent evocation of *cantiga* and *cancionero*, his suddenly piercing instrumental colourings, were scenically conjured up by eloquent, unsentimental execution.

In place of the boy soprano properly employed *as youthful*, excitable narrator of the puppet show, we had Elise Ross, who commands more reliable intonation than the average boy soprano faced with Falla's chains of repeated notes, and also a captivating ease in blanching the womanliness from her tone; she rattled off the breathless descriptions in fine style. Philip Doghan (replacing Philip Langridge) and John Shirley-Quirk, the other singers, were softer-grained, *more "English," but not less* sympathetically stylish. (The words were missing from a programme booklet costing 60p—a pity.) *The special* Sinfonietta pungency in Stravinsky was summoned on Wednesday with prime zest: brass and double-bass striking out with street-urchin impertinence, flute and oboe solos sending shafts of *Mediterranean sunlight across* a drab hall. Mr Rattle set the final *Allegro assai* an absurdly fast speed, and brought it off in great exhilaration.

Between these entertainments, there was a wonderfully refreshing *interlude of Spanish* castanet-playing and dance, given by Lucero Tena, accompanied by the guitarist Carmelo Martinez. The programme got one biographical fact wrong: this was not Miss Tena's first *British appearance. (Who could* forget her brilliant intrusion into the 1976 English Bach Festival concert performance of *La vida breve* on the South Bank?)

Cinema

Musicals, trad and punk

by NIGEL ANDREWS

Honeysuckle Rose (A)
Gate 3 Camden Town

American Pop (A) Classics Haymarket, Oxford Street, and Chelsea.

Music in most of today's "musical" films is manacled to realism. Songs and dances issue from strictly plausible sources—concert platform or rehearsal room or recording studio—and the idea of one or more characters kicking off credibility to break into a production number in the middle of a rainy street, or on a deserted park bandstand, like the Kellys or Astaires and Rogers of old, has somehow (except *in retrospect*) become aesthetic anathema.

Sometimes one laments the *loss of the old freedom*—why does one need an *excuse* of plot or setting in order to break into song and dance? But in *Honeysuckle Rose*, the story of a travelling Country-and-Western singer played by Willie Nelson, the intertwining of music and story is so fluidly expressive that the convention develops its own freedom. Even though the *music is mostly anchored in* concert performances or voice-over songs on the soundtrack, the lyrics and melody always match the mood of the moment or the dramatic point reached in the story; and director Jerry Schatzberg's *skittery, mercurial* editing lets the individual songs — "On The Road Again," "Loving You Is Easier"—spill over aurally into the surrounding scenes so that the moods keep spreading and overlapping like paint-strokes in a watercolour.

Mangy-bearded Willie Nelson, a "Country" superstar who was briefly glimpsed as Robert Redford's buddy in *The Electric Horseman*, plays Buck Bonham, a *philandering songster with* on-the-road wanderlust whose wife Dyan Cannon and small son (Joey Floyd) keep the home fires smouldering. The film takes its time to develop its plot, lazily sketching in the rowdy members of Buck's band (with their bus-fatigue buffoonery on the long road through Country country) and the subtle *hint* of jealousy beneath Miss Cannon's lusty, gusty welcomes home.

When the plot does come—an on-the-road romance between Nelson and Amy Irving as a dark-eyed young singer-guitarist strung along for a three-week touring engagement—it's casual and credible and doesn't usurp *the easy, springy rhythm of the* film's realism: not even when Schatzberg unleashes one of those shameless on-stage showdowns, with Miss Cannon surprising the warbling lovebirds by marching on to the platform in mid-concert (she's stormed across Texas at news of the affair) and coolly announcing, after a spray of genial sarcasms: "We've been together about 15 years and tonight I'd like to *announce our divorce*"—pause and half-turn to the exit—"Isn't that what Country songs are all about?"

Heartache and jealousy and bitter-sweet romance are indeed the stuff of most Country-and-Western *songs, often sinking* them in a deep vat of plangent sentiment. But in *Honeysuckle Rose* the bruised-hearts motif is beautifully persuaded to surge on into its frequent real-life aftermath, fury and farce. A climactic scene has twangy-timbre'd, potbellied Slim Pickens as Miss Irving's father, an old singing chum of Nelson's, *bounding after the bounder* across national boundaries with a gun and a bottle of Tequila. (Nelson has retired to a Mexican *beach-hut to nurse his* wounds and give Miss Cannon the slip.)

Much of the film's strength and credibility spring from the irresistible force/immovable object chemistry of Willie *Nelson and Dyan Cannon*. Nelson has a foxy, ageless, wizened-hippy benignity that flowers into something more reedily assertive when he puts his tonsils together and sings. Dyan Cannon, by contrast, is a busty, tumble-tressed stick of dynamite always on the point of exploding. She's so expressive with her swagger and sarcasm and rueful-flashing eyes that the audience gladly sits in the palm of her hand when they're not being wooed into complicity with Nelson by the artful-artless soulfulness of his singing.

Director Schatzberg confers a miraculous harmony on a script that reportedly went through a legion of rewrites. He bathes much of the film in an elegaic twilight glow, so that crepuscular back-lighting steals over characters' shoulders or gently *haloes* their hair; and even when he's busy with his scissors in rapid-cutting sequences he uses the country music to roll the rhythm out fine and even like gold leaf. Schatzberg's last film was *The Seduction of Joe Tynan*, a political morality-drama in which wax dummies walked about elocuting soap-opera dialogue. Faced with a story that was like a slab of margarine, his non-interventionist naturalism was *then near-disastrous. In Honeysuckle Rose*, where the story is spiky and restless and diffuse, Schatzberg gives it the kiss of total believability and of an easy, rich, spun-out lyricism.

American Pop is one of those grand movie ideas that go grandly, nay Gargantuanly, wrong. Cartoonist Ralph Bakshi—who made *Fritz the Cat and Heavy Traffic* and *Lord of the Rings* — gives us an animated surge through 20th-Century American history, in which we follow the different generations of a pop-music-making family: from the Russian-Jewish immigrant boy whose piping promise as a vocalist is shattered by a World War 1 bomb via a short-lived pianist-songwriter with a Gershwin-ish touch and a hippy '60s *vocalist to the present-day* Punkster descendant who finally puts the seal of pop-world success on the ancestral struggle.

While every milestone American popular hit you can think of detonates on the sound-*track as its year or decade ticks* by ("Maple Leaf Rag," "As Time Goes By," "Anything Goes," "Take Five," "Blue Suede Shoes" ...), Bakshi fills the screen with some of the rottenest animation in recent recall. The *film's* cardinal blunder has been to go for a kind of cartoon "realism". The brush-and-paint characters are drawn from real life (Bakshi used actors as live models) and the result, instead of glorying in animation's one unique asset — its free-form anarchy of expression and movement—is so close to behavioural naturalism as to be self-defeating. One keeps wishing the wishy-washy line-drawings would go away and the real, flesh-and-blood thespians would step forth.

The irony is that when Bakshi lets rip he is a demon draughtsman. There are brilliant montage passages in which a whole era comes to life in a quick succession of "still" tableaux, born swirling and expressive from Bakshi's brush: the '20s with their starky mannequins and cloche hats and cigarette-holders, the '50s with their scowling teenagers and side-burns and tent-size jackets. Here Bakshi bids to be the Grosz or Beerbohm of his generation. But once the story picks up again *and the main characters purr* back into dull diagrammatic life, it's like watching a computer print-out dramatisation of *Saturday Night Fever*.

As an addendum to this week's musical theme, hail to Clive Hirschhorn's *The Hollywood Musical*. A coffee-table book designed to break any known coffee-table, this is 400 pages of well-informed and profusely illustrated history on the cinema's most chameleon genre, which has changed shape and sound and style with virtually every decade of its evolution. Hirschhorn comes a little unstuck, as who would not, in the musical-starved middle-'70s and *onward, juggling hopefully with* wildly disparate films like *Renaldo and Clara, The Muppet Movie* and *Rock 'n' Roll High* in the hope that they will somehow slide into the category. But elsewhere the book covers the territory with a daunting completeness. You may discover everything here from the real name of Eleanor Powell to the number of times, and the variety of ways, in which Esther Williams immersed herself in H_2O. *A timely, tome-ly bargain* at £10.95.

Joey Floyd and Willie Nelson in Honeysuckle Rose

Jessie Matthews

Jessie Matthews, who died in London on Wednesday night aged 74, was most widely known in her later years for playing *Mrs. Dale in the long-running* radio series from 1963-69.

But her long and chequered career was based on her years as a revue star in London during the 1920s and, after a Broadway debut in 1924, as an *international* Hollywood *figure*. Trained in classical ballet, she made her London debut in 1919 and was immediately renowed for her grace, beauty and singing charm. During the 1920s she appeared in the revues of André Charlot and C. B. Cochran, introducing such famous songs as Coward's "A Room with a View" and "Let's Do"; Richard Rodgers's "My Heat Stood Still" and "Dancing on the Ceiling"; and Harry Wood's "Over My Shoulder." This latter song, with its jaunty, carefree lyrics, became the one most frequently associated with *her and she published her* autobiography under its title in 1974.

She was a recording star from 1926 and although she continued working consistently after the war, it was as Mrs. Dale *that she returned to the* popular limelight. She was awarded the OBE in 1970 and appeared in *The Jessie Matthews Show* at the Shatesbury T*rheatre in 1976. Following* a big success in one-woman cabaret in Los Angeles in 1979, she received an award from the American drama critics.

Thrice married to Henry Lytton, Sonnie Hale and Brian Lewis—she was thrice divorced. Her last public appearance was last year in the televised spectacular *Night of 100 Stars* and, *in April of this year*, the National Film Theatre presented a season of her films which spanned 50 years.

M.C.

Shelley's 'The Cenci'

The Company of Three, an unsubsidised fringe group devoted to the performance of rare classics, is to present *Shelley's The Cenci at the Shaw* Theatre in London from October 1-10. The play was seen at the Old Vic in 1959. Past productions of the Company of Three include Byron's *Cain*, Goethe's *Faust*, Seneca's *Thyestes and* Euripides' *Rhesos*.

Bayreuth

Meistersinger, Tristan by MAX LOPPERT

1981 and 1982 are the between-*Ring* seasons at Bayreuth—after Boulez-Chéreau, and before Solti-Peter Hall. Meanwhile, the *festival* occupies itsef with other, no less important acts of renewal. The 100th anniversary of *Parsifal* next *year will bring, naturally* enough, a new production; this year, *Die Meistersinger von Nürnberg* (not given here for several seasons) and *Tristan und Isolde* are the new offerings.

Wolfgang Wagner has undertaken the major share of scenographic duties of the new *Meistersinger*, being responsible *for production and set design* (costumes by Reinhard Heinrich); this must surely come to be counted, as one or two other productions by the *Festspielintendant* may not, among the most eloquently simple and "right" accounts of a Wagner opera in the postwar history of the festival. Reports of the premiere last month agreed upon the unsettled, nervous conducting of Mark Elder, whom Wolfgang courageously chose to introduce thus to West Germany *(and who faces* at each performance, as punishment for what a vociferous section of the audience deems their joint hubris, that hideous macaw-like booing that is a Beyreuth speciality); and told of a stage realisation traditional both in detail and in central trust, as yet too hazily outlined to communicate its full purpose.

By the *fourth performance*, which I attended earlier in August, everything seemed to have come into focus, including the conducting. While it would not be too difficult to recall from other performances more distinctive contributions in most departments, the whole hung together with a rare and wonderful coherence, and the great opera could be loved (and enjoyed) on many levels. The epithet "traditional" must be *understood — as in recent* Bayreuth seasons it has perhaps not been — to describe the fitness of the relationship between production and the work produced, between what happened on stage and in the pit.

No Interpretation For Our Day raised its Medusa's head: there was no sense of the *mise-en-scène* having to function as simultaneously delivered sermon or slide-lecture upon the opera. The time, place, and *sequence of events of the action* were of Wagner's original prescription (the nearest Wolfgang came to taking a liberty, a harmless if slightly redundant one, with the libretto was in dressing the players in an intentional and widely spaced *mélange* of styles: against a predominantly 16th-century background of jerkins, aprons and *capes, the more pedantic guild* members wore 19th-century clothes, notably a Beckmesser in frock coat and watch-and-chain). "Tradition" of *this kind* did not entail any mindless genuflection at the altar of the opera, nor any reliance on routined "star" performances to give life and direction to the dramatic interplay (most of the cast, in any case, came fresh to their roles). What it proved, I felt, was that though creative insights may sometimes sidle *out from the partial, particular* kind of Wagner production on which Bayreuth has recently seemed to concentrate, a staging such as this can offer far the fresher and more rounded experience of the work.

The sets—a spaciously plain coffee-and-cream Katharinenkirche, a rather heavy facade of Nuremberg houses (broken by luminous summer-evening lighting and "real," not token trees), a kind of monk's cell for Sachs—were not especially attractive, but they served. The final scene, in fact, did more than that: a wide, bright meadow, dominated by an immense old linden in which a platform had been laid for musicians and dancers. It was never scenery as such that one noted so much as its harmonious part in a strong and econ*omically patterned production*—strong on character, chary of footling farce (no semaphored mastersingers' incomprehension of "Am stillen Herd," no excess of riot to close Act 2), rich in detail.

Sachs, in unconscious deference to an aristocrat, straightens his dress at Walther's morning appearance; Beckmesser's third-act pantomime of remembered woe is remarkable for being both graphic and unembarras*sing; kindly village hands com*fort him on his exit after the conclusive public humiliation. Moments such as these, and many others, stay in the mind, both for their flash of illumination and also as evidence of the deep, wise humanity, observant of individual, rank, and community in all their various combinations, that informed the whole show.

Only Pogner, Manfred Schenk in rather rough voice, failed to make a suitably definitive impression. The revelation was Beckmesser, Hermann Prey's first, the open face and smooth, even timbre turned somehow sad and sour yet also roundly comical—it becomes more, not less, probable to have a *Stadtschreiber* not so very much older than Walther, who might, but for his own inner defects, supply him with a real rival. *The spontaneity of the inter*play with Bernd Weikl's Sachs was brilliantly controlled. Weikl afforded another major and equally unsuspected achievement. A performer who on past encounters has left the faint sensation of a self-congratulatory enjoyment of his own vocal prowess was here frank, outgoing, impassioned, and vulner*able by turns—beneath the wal*rus moustache and the bluff air there stood another highly believable suitor for Eva's hand. The voice lacks only the deeper tonal substance (and perhaps the unbroken legato) of the *great Sachses; it stayed limber* to the very end.

Long legato lines were the special, and today mostly unfamiliar, pleasure of Siegfried Jerusalem's tall, courtly knight; he strained at long-held A's, *especially in Act 1, but showed* in everything else a delightful and wholly unselfconscious musicianship. Mari Anne Häggander (Buxton's discovery in Beatrice and Benedict last year) has still to find a more precise, enlivening way with the lingering murmured asides that constitute a not unimportant aspect of Eva's charm; the voice is true, well-tuned, steady, of important potential. As David, Graham Clark was greatly, and rightly, liked—as in Glasgow the German was plausible, the boyish zest never bumptious. Jef Vermeersch's Kothner led an *assembly of mastersingers not*able for the way each seized, but never overburdened, his chance to shine.

Such a production ideally requires a Knappertsbusch to kindle its richest glow—or a Goodall, last, it sometimes seems, of the great line of Wagner conductors (strange that his name remains so little invoked in the German-speaking countries, and so much in the English). Of a younger, more forwardly dashing kind, Elder's direction had many of his wanted virtues — freshness, clearsightedness, and a real knowledge of how to shape and *pace the three long acts so that* their climaxes arrive in the right places (a continually climaxing, and therefore non-climactic, approach conducting is the usual Achilles heel of the younger Wagnerians). There seemed a certain reluctance to acknowledge, or more probably a certain inability fully to rejoice in, the peculiar quality of the orchestra, the peculiar conjunction of pit and theatre: in Act 2, whose string phrases should be lovingly wafted out *like bursts of evening scent*, one sensed a slightly "hygienic" restraint. The accompaniment of the soloists was alert, the thrilling lung-power of the chorus bravely harnessed. Elder should be allowed to grow with the production; he—and it—promise a marvellous way of jointly doing so.

What a contrast with the new **Tristan!** In fairness, comment should perhaps be prefixed by the admission that at this fourth *performance, both René Kollo*, the scheduled hero, and his cover, Manfred Jung, were unwell. At short notice, Hermin Esser "saved the show" and was thanked for doing so by all except a minority of the audience: but in truth, *his singing* is now ruinously bad—wildly uncertain of pitch, line and rhythm, mostly a frenzied bellow of a kind that prompted fears for the tenor's health and the listener's own sanity. *Exactly how far the sense of* Jean-Pierre Ponnelle's production (in his own sets and costumes) had been subverted, how *much the focus of Daniel Baren*boim's conducting (another Bayreuth debutant), it was hard to discern. The damage could hardly have been slight.

Meanwhile, it may not be thought unjust to note that Ponnelle has provided an open ship, a huge and very pretty spangled tree (Act 2) and a split bark, all on phallic lines (in silhouette, the ship at first resembled an upended parsnip), all embellished to irritating excess with a Ponnellian stream *of "ideas,"* of lighting that dimmed or brightened almost without cease; and that the al*ready much-reported dénoue*ment *of this Tristan—Isolde's* final arrival is Tristan's dream and all actions (and all voices except Isolde's) are reflected from offstage—is a piece of pernicious rubbish, an insult to any even moderately intelligent audience.

Barenboim evinced much concern for lovely sounds, small grasp of shape and direction: it was a *Tristan of polished* surfaces and little substance. And not a well-voiced one, even discounting its hero. Matti Salminen's dignified Marke was cavernous and ready. Hermann Becht (Kurwenal) and Hanna Schwarz (Brangäne) wearingly raucous. In such company, one might be forgiven for overrating Bayreuth's new American Isolde, Johanna Meier *(already* admired in the role with the Welsh National). She is intelligent, handsome, sentient; she sings lyrically and in tune; she commands both womanly force and womanly softness. On this *occasion, unlike with the Welsh* in Oxford, the voice, though unforced, sounded a touch narrow. But it was Isolde who emerged, almost alone, in recognisable sound, guise and character.

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Opec seeks to defy gravity

THERE IS a surrealistic aspect to the Opec meeting which continues today in Geneva. Here is an association of producers faced with the problem of excess supply and of demand further threatened by the strength of the U.S. dollar in which all oil sales are denominated. Yet the members are persisting in their attempt to unify the Opec price at a level *higher than the average currently being paid in the world market.*

After almost a decade in which a 30-fold increase in the price of oil has testified to Opec's power, it *is easy to forget* that control of output is just as important a function of any cartel as control of prices. Any decision on one has repercussions for the other.

Leverage

Yet discussion in Geneva has focused on discovering a price for marker crude which is politically acceptable to Opec's disparate membership. The rate of production of oil needed to sustain that price in the face of reduced demand and increased non-Opec supplies of oil has apparently been treated as a residual. Or it has been assumed that a production cut by Saudi Arabia will take care of that side of things.

Saudi Arabia still has great leverage over Opec supplies: It accounts for 50 per cent of Opec's present output and, by maintaining oil production at over 10m barrels per day (bpd), has done much to engineer the current glut.

But even at today's average Opec selling price of $34.25 a barrel, let alone at a higher one, the figures suggest that more than the mooted 2m bpd cutback in Saudi output will be needed to take the slack out of the market.

There is currently estimated to be overproduction of some 2m bpd and, in addition, there is the self-denial of other Opec members to be allowed for. Nigeria, which can spend all the revenue it can earn, would like to boost its output by 1.2m bpd. Iraq and Iran need to sell more, and even Libya may not be happy with production cuts which have reduced its oil flow from 1.75m to 750,000 bpd.

Stock building

As things stand it would take a Saudi cutback of 4m bpd or more to eliminate stock building on the world market and to allow other Opec members, in particular Iran, Iraq and Nigeria, to push their oil production back up to desired levels. Such a reduction would take Saudi Arabia's oil exports down to below the figure of 7m bpd which, it is estimated, the country needs to keep its current account out of deficit.

Saudi Arabia has played an important part in creating the present over-supply of oil for three reasons. It has wanted to *maintain oil demand at a level* which would preserve its own and Opec's influence in the world energy market. Already the oil price rise, by prompting conservation and a world-wide search for oil, has reduced Opec's share of non1Communist world oil output to under 50 per cent from 63 per cent in 1973.

It has wanted to unify oil prices to provide a starting point for the indexation of the oil price envisaged in the Opec long-term strategy. It has also preserved a more responsible view of the interdependence of the world economy and of the need not to exacerbate the West's recession

The extraordinary Geneva conference now appears to have been a tactical mistake in Saudi Arabia's pursuit of these aims. *Saudi Arabia may not have* allowed long enough for the implications of the imbalance between supply and demand to sink in with memebr Governments: the idea that an Opec meeting could be convened to lower the official price of oil has evidently been slow to take root.

Saudi Arabia has been badly let down by Venezuela, normally its ally. Political pressures at home appear to have encouraged the Venezuelan Oil Minister to resist a reduction in the market price for Opec crude—a cosmetic ploy because much of Venezuela's crude is of low quality and sold at well below the official price.

Cutbacks

It will be a setback to Saudi Arabia's strategy if the reconvened meeting today talks the Kingdom into raising its oil price from $32 to $35 a barrel—a rise which will, incidentally, cause a $3 rise in the contract price of British North Sea Oil.

But this price fixing will be irrelevant unless accompanied by a dramatic Opec agreement on production cutbacks. For if there is no such agreement it will require a brisk economic upturn, a Siberian winter, and self-sacrifice by some of Opec's needier members to make the new price stick.

Attractions of UK insurance

IT IS now two months since the leading German insurance company, Allianz Versicherung, mounted a dawn raid and tender offer for shares in Eagle Star, and the British insurance industry is still buzzing with speculation about the possibility of further assaults by overseas insurers on the British market. Naturally, the prospect of much greater foreign involvement in all aspects of the British insurance business causes a certain amount of disquiet among the insurance companies. But in the long run, both for consumers of insurance services and for shareholders in insurance companies, increasing foreign involvement in insurance would be a desirable development.

Favourable

The British market for non-life insurance has for many years been the most profitable in the industrialised world. To a large extent this has been a reflection of the favourable attitude of the Department of Trade in comparison with regulatory bodies overseas. There has been little interference with the pricing of insurance, in sharp contrast to the aggressive regulation in the U.S. and many European countries.

But the profitability of British insurance has stemmed also from the rather muted competition between British insurers. The existence of agreed tariffs for commercial fire risks has helped non-tariff insurers, many of them foreign, to capture a large share of the commercial market. But even in the motor and household markets, where the tariff agreements have long since broken up, competition appears to be far less severe than in comparable markets overseas.

Mobility

If greater foreign involvement has the effect of *intensifying* competition it should certainly be welcomed by consumers and by the authorities. The possibility of foreign takeovers has also put pressure on large insurance companies to heed more carefully the wishes of their shareholders on matters such as the volume of rights issues and the pace of overseas expansion. This has been welcomed in the stock-market and insurance company shares have enjoyed a considerable re-rating.

But the most important aspect of the upsurge of interest abroad in British insurance company shares is that it underlines strongly the openness of the British financial markets and the advantages of capital mobility. It also serves as a reminder that there are many countries in which regulatory authorities, the structure of financial shareholdings and national traditions create major obstacles to significant foreign involvement in the financial systems.

Even within the EEC the directives on co-insurance and Freedom of Services are meeting obstructions and have not been fully implemented. In France, government ownership of the insurance industry *effectively prevents any major* foreign involvement. Regulatory authorities in several European countries use methods of rate setting and solvency calculations which can put foreign insurers at a disadvantage.

Benefits

In third world countries and Japan, restrictions on foreign insurance operations are far more onerous. Some third world countries attempt to justify their policies with arguments about their need to conserve capital, although a significant part of their insurance markets in any case by way of reinsurance. In Japan's case, however, the market share of foreign insurers, at less than five per cent, is almost impossible to justify.

The British insurance industry has wisely recognised that the long-term benefits of an open world trading environment for insurance are greater than the short-term advantages of discriminatory regulation, which would afford vulnerable domestic insurance companies protection against foreign takeovers. This is an attitude which the Government must not only endorse, but also try to impress on the authorities in other countries.

THE GROWTH OF A $1bn MARKET

Personal computers come of age

By Guy de Jonquieres

A FEW years ago, the American magazine Popular Electronics invited its *readers to send in for a kit of* assorted components and wires which could be made up into a new type of machine. The assembled product was primitive, and patience and ingenuity *were needed to make it perform* any of its limited range of functions. But it was a milestone—the world's first personal computer.

Last December, Wall Street went wild about Apple Computer, which had grown in only three years to become one of the leading personal computer manufacturers, with sales of more than $100m last year. At the issue price of $22 per share, an elated stock market valued the company at more than $1bn.

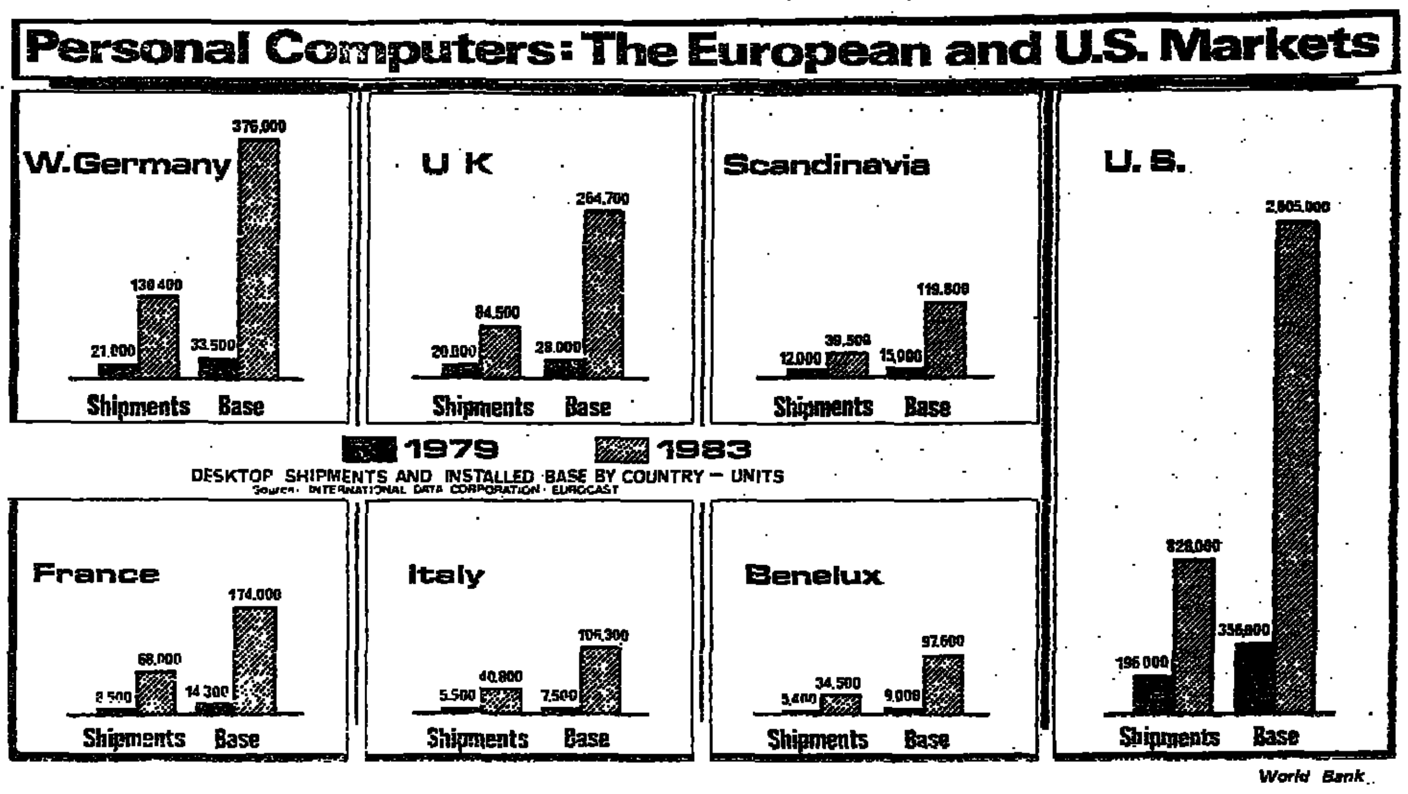
These two events were separated by only five years. In that brief period, personal computers have developed from a hobbyists' plaything *into one* of the world's most dazzling growth industries. And earlier this month they came of age when International Business Machines, the huge data processing equipment manufacturer, decided that the market was big enough to warrant launching a machine of its own.

Other big U.S. companies, including Xerox and International Telephone and Telegraph, are also rushing headlong down the trail blazed by precocious pioneers like Apple, Commodore and Radio Shack, which have dominated the market to date. In Europe, *Olivetti of Italy, Philips of the* Netherlands and Siemens of West Germany have all joined the fray

Still more companies are expected to follow. According to *Ben Rosen, doyen of U.S. elec*tronics industry analysts: "We expect almost every major office equipment manufacturer and/or marketer to introduce a personal computer line over the *next year.*" Small new manufacturers are springing up as well—there are more than a dozen in Britain alone. And Japanese electronics manufacturers are poised to attack Western markets from an already sizeable home base.

In spite of all this excitement, personal computer sales are still fairly small beer by the standards of the international data processing industry: last year they totalled around $1bn, scarcely 5 per cent of the worldwide turnover of IBM alone. But suppliers are convinced that the potential market has barely been scratched, and that [illegible] will continue to climb vertiginously for years to come.

Some forecasts have suggested that every American home will have a personal computer by the end of the century. More soberly, International Data Corporation (IDC), a leading market research firm, estimates that the number of "desktop" or personal computers in use in the U.S. will rise to 2.8m in 1983 and 5m by 1985 from only 365,000 in 1979. In Western Europe IDC believes that sales will grow by 53 per cent annually, between 1979 and 1983, raising the number of machines to more than 1.2m, from 116,000.



World Bank

Personal computers are machines small enough to sit on a desk or side table. Their "*brains*" *are clusters of silicon* chips mounted on printed circuit boards which are normally packaged in the same enclosure as the keyboard. Users also need to attach back-up storage to hold data—either a tape cassette or revolving disc—a video display screen and perhaps a printer.

Falling microchip prices and fierce competition between manufacturers have driven prices down sharply. The cheapest machine now available is the British-made Sinclair ZX-81, costing £70 or less in kit form. The Sinclair offers only limited performance but clearly appeals to a public keen to learn the basic principles of computers. The company says that it is making more than 10,000 machines a month and is still finding it hard to keep up with demand.

At the other end of the scale, around £7,000 will purchase a versatile and fairly sophisticated system as powerful as some bigger computers of 15 years ago. Such systems are designed to handle technical or scientific computations, financial calculations and word processing. In the middle of the market an almost bewilderingly wide selection of competing machines is available.

Most personal computer manufacturers say that their [illegible] business applications like accounting, payrolls, stock control and financial planning. Commodore of the U.S., which has been particularly successful in penetrating European markets, claims that half the 12,000 machines it ships every month are sold to business users.

The typical business user is probably a small-to-medium sized company which has decided to purchase a computer *rather than hire another clerical* employee. But the machines are also being bought increasingly by bigger organisations to provide low-cost computer power among professional staff.

Some big companies are studying plans to expand the power and versatility of personal computers by linking them into networks, so that they can be used to communicate with each other and with bigger computers.

A key ingredient in the expansion of the business market has been the development of suitable programmes, known as applications software, which instruct the computer to perform specific types of task. Few users have the time or skill needed to write their own software, and there is strong demand for ready-made packages.

Sales of personal computers can be critically influenced by the quality of the software designed to be used with them. Apple is said to have sold as many as 100,000 of its machines mainly because these were the first to use an ingenious financial *modelling programme* called VisiCalc, which has since spawned many imitators. VisiCalc enables managers to construct computerised graphs and bar charts by entering figures on a keyboard. On the other hand, Texas Instruments' initial problems in marketing its personal computer have been partly blamed on the lack of suitable software for it.

Most manufacturers rely on a cottage industry of small companies—some employing as few as half-a-dozen people—to write software for them. Some got into the business because they needed a programme which no one else would supply.

In Western Europe, education seems likely to provide an increasingly important market for personal computers in coming years. Many European governments are sponsoring programmes to expand the use *of computers in schools:* in Britain, the Government aims to instal one in every secondary school by the end of next year and is prepared to contribute half the cost. The BBC plans to launch a televised computer training system on television, which is expected to stimulate sales of at least 12,000 machines.

European Governments have also been quick to realise that these schemes can also be used to help indigenous manufacturers develop in the face of strong American competition. In Britain two small companies, Acorn and Research Machines, have been nominated as preferred suppliers to schools.

Many manufacturers believe that once the home market gains momentum, it will outstrip even demand from professional and business users.

But even a market as buoyant as this must have some natural limits, and it seems unlikely that there will be room for all the suppliers now pouring into it. With only limited scope for price competition, success or failure will probably be determined in the longer run by other factors, particularly marketing and distribution techniques and the type of support *which manufacturers offer their* customers.

There is already evidence that different approaches are needed on either side of the Atlantic. In the U.S., the main distribution channel has been through retail stores, of which there are more than 7,000 nationwide. But in Europe, the formula has worked much less well, and some computer shops *have been forced out of* business.

The difference is partly that Europe is still segmented into national markets which do not allow the economies of scale—*and lower prices—available in* the U.S. Most Americans also feel *more* at home than Europeans with computer technology and probably require less hand-holding. Moreover, more stores in the U.S. are run by computer experts than in Europe, where sales staff have often been seconded from selling hi-fis

In Western Europe, the single largest distribution outlet has been through business systems houses, which purchase personal computers, add peripherals and software and then sell them as a package.

By assembling a "package," a systems house can obtain a better margin than the 30 per cent or so available to retail distributors of basic machines. In return, customers are promised a more personal service which will ensure that the equipment they buy is suited to their needs.

But the number of systems houses and bureaux with strong distribution and support networks is limited. Many of the better-established ones have already committed themselves to manufacturers. Personal computer makers arriving late in the market may have to *compete hard for the best* outlets.

Tackling the home market in Europe once it starts to expand vigorously presents another problem. Sinclair has chosen *to sell its machines by mail* order, which cuts overheads. But it also means that its computers must be mailed back to the factory for repairs and that customers cannot turn to local distributors for advice.

New solutions will probably have to be devised. Mr Alan West, product manager of the U.K. subsidiary of the Japanese company Nippon Electric, believes that the future trend will be towards "computer centres" operated by the manufacturers themselves.

Nippon Electric already runs several centres in Japan. Known as "Bit Inns," they provide sales, training, demonstration areas, consultancy and service. Nippon, which claims 40 per cent of the Japanese personal computer market, where total sales are running at about 15,000 a month, recently launched its first personal computer in Britain.

Mr Simon Pearce, an analyst with IDC, has an alternative suggestion which he believes *would work well in Britain.* He thinks that television rental chains, with their extensive high street outlets, would be well suited to renting personal computers.

Uncertainties about the best marketing approach may partly explain why Japanese manufacturers have so far been slow to enter Western markets in force. Few in the industry *doubt that they will join the* fray in time, though opinions are divided about Japan's prospects for equalling in personal computers the success it has already achieved in consumer *electronics products. Probably* the only sure prediction is that when the Japanese do make their move, they will add to the pressures in an industry where competition is already growing intense.

Making inroads in the office: here IBM's new personal computer is being used as an individual word-processing centre. U.S. prices range from $1,565 to $6,300, *depending on specification.*

MEN AND MATTERS

Shadow of the rock

Gibraltar casts a long shadow. Last month, that shadow reached into St Paul's Cathedral in London when King Juan Carlos refused to attend the wedding of the Prince of Wales because of the couple's plans to take in the disputed Rock during their honeymoon. Yesterday, the quarrel between Madrid and London gave every impression of surfacing once more. It suddenly emerged that on Tuesday, that Spain had told the British Embassy that it was abruptly removing passport concessions to British travellers.

A new snub for Britain? "Not at all," the Foreign Office and Spanish embassy in London chimed in unison. But by evening, the Spaniards had shifted their ground. The concessions would expire not yesterday, but in two weeks' time.

The *concessions were intro*duced long before the wedding, and in response to the delay in the issuing of British passports caused by civil service disputes. Spain, like a number of other *countries, had said it would* accept expired British passports. The U.S. has extended that concession to November 30, and the agreement is drifting on elsewhere. So why did Spain *act so suddenly?*

One theory in Madrid is that it was indeed because of Gibraltar, but it was a mistake. This version of events suggested is that the move had been planned *before Lord Carrington,* the British Foreign Secretary, put out the olive branch during a Spanish holiday and had a cheerful lunch with his Spanish counterpart.

That was on Sunday, and all went so well that both countries have again been talking of progress on Gibraltar. But the suggestion is that nobody bothered to stop the wheels put in motion to tell Britain about the passports move.

So, will Brits with expired passports in two weeks' time risk rejection? The Spaniards say they will treat them with discretion, and the Foreign Office points out that a British Visitors' Passport may be bought at most main Post Offices. But what the Foreign Office could not explain yesterday was why it never bothered to tell the public that expired passports might not be accepted. It knew on Tuesday, but it was left to the Association of British Travel Agents to break the news.

In Gibraltar, meanwhile, shopkeepers are all but rubbing their hands in anticipation of a re-opened border. A sign of the times is that for the first time since the border closed in 1969, a ferry service is now running directly from a Spanish town, Tarifa, to Gibraltar.

Legally binding

Former Labour Attorney-General Sam Silkin, who has just been named non-executive chairman of BPC's Waterlow Publishers, may seem an unlikely associate for the ubiquitous publisher Robert Maxwell.

But the two go back a long way. Both became Labour MPs in the Commons class of 1964, and Silkin advised Maxwell during his rough battle in 1969 to prevent Pergamon Press from being taken over by Leasco of the U.S.

Both men are now more or less disaffected from the Labour Party. Two months ago, Silkin, 63, announced that he would not seek re-election in Dulwich amid reports that he would be ousted by strong Left-wing elements in the constituency in any case.

Maxwell, who left the Commons in 1970, claims to have been a member of the Labour Party all his life but also describes himself as a "realistic industrialist." And, he adds, "Mr Benn's proposals are not realistic."

Silkin, whose tenure as Attorney General is remembered among other things for his attempt to prevent publication of sections of the Crossman Diaries, will now be trying to find as many readers as possible for Waterlow's library of legal cases.

Clear-cut

Alex Macmillan, chief general manager of Scotland's smallest clearing bank, the Clydesdale, is most upset by a recent description of his bank as a "neutered cat."

The term cropped up when a group of fiercely Scottish academics from the Fraser of Allender Institute put in a paper to the Monopolies Commission arguing why it would be bad for the Royal Bank of Scotland to be taken over by either Standard Chartered or the Hong Kong and Shanghai Banking Corporation.

The Clydesdale, owned by the London-headquartered Midland Bank, was held up as an example of what can go wrong when a pure Scottish bank is seized by a bunch of Sassenachs. It might not innovate in products or technology for fear of treading on the toes of its parent, claimed the academics, who summed up the lack of initiative as the "neutered cat" syndrome. The description caused much mirth in other Scottish banking halls, but not surprisingly it angered Macmillan, who is rather keen on Clydesdale's increased market share and progressive computerisation.

However, even Macmillan is prepared to admit that some members of his Board may be getting a bit long in the tooth—which explains the recent crop of appointments.

John Greenwell, Midland's new retail banking chief, joins the Board in company with three Scottish businessmen—David Nickson, group managing director of William Collins; Norman Macfarlane, chairman of the Macfarlane group, and Douglas Hardie, a former chairman of the Confederation of British Industry for Scotland.

While the appointments take care of generally strengthening the Clydesdale Board, one question still unanswered is who will succeed Macmillan as chief general manager. Macmillan, who is close to 60, can choose to retire next year. Some of the smarter money is, I gather, on Arthur Cole-Hamilton, one of the four general managers.

It remains to be seen whether Macmillan will bow out of the Clydesdale altogether, after ten years at the helm. His predecessor, Sir Robert Fairbairn, went on to become chairman of the bank. With Fairbairn now 70, there is not a little interest in the Scottish financial community as to whether Macmillan may follow in his footsteps.

". . . at the third stroke it will be time for another price rise, precisely . . ."

Quite a card

It was, I gather, nothing more ideological than a practical joke which resulted in GLC left-wing Labour leader Ken Livingstone's being enrolled as a paid-up member of the SDP. The affair has caused Livingstone considerable amusement, not least when he was greeted on the tube by a sceptical SDP worker who said "A mistake, Mr Livingstone, I presume?"

Observer

David White in Paris traces the rise and fall of the Willot brothers and their French textile empire

Washing the Willots' dirty linen

NOTHING in the folklore of the French Left is so symbolic of the unacceptable face of capitalism as the Willot family.

The once all-consuming textile and retail conglomerate controlled by the Willot brothers is now on its last legs. Three years after they ate up the remains of the Boussac textile group and became the uncontested number-one force in the industry, the Willots have handed all over to a court-appointed administrator: first their debt-ridden manufacturing branch, then, under pressure, the other interests of their Agache-Willot holding company.

In terms of the number of jobs at stake it is post-war France's biggest bankruptcy. The group employs 20,000 at the 80 factories of Boussac-Saint Frères, the industrial subsidiary now under receivership, and 10,000 more in distribution and administration in France alone. Annual sales of more than £1bn put it among the top 20 French businesses.

If Agache-Willot is hardly a household name, even in France, that is largely deliberate. "We have done everything," one of the brothers said recently, "so that it should not be well-known." But its shops and products are known to everyone, it has a virtual monopoly in French linen, and its subsidiaries include such names as the Christian Dior fashion house.

Bon Marché in Left Bank Paris, where Mme de Gaulle liked to shop, is a Willot store. So is Conforama, top European furniture chain. So, until it was wound up, was Korvettes in the U.S.

Famous brands include the trendy Ted Lapidus clothing label, Pierre Clarence shirts, Jalla towels and—known to any French mother — Peaudouce nappies.

The new Mitterrand Government, faced with the first big test of its "lame duck" policy, is set to make an example of the Willot affair. For the Willots, already criticised for their business methods, in trouble with the courts and unpopular with the unions, it must seem that they have got into a vendetta.

Jean-Pierre, the second brother, known as the "financier" and recently the effective head of the group, has been charged with having disposed illegally of assets belonging to companies under Willot control. So, more recently, has his younger brother Antoine, the "industrialist" of the family.

The Lille court handling the bankruptcy proceedings—which have no direct link with the indictments—has resorted to the exceptional measure of attaching the Willots' personal assets.

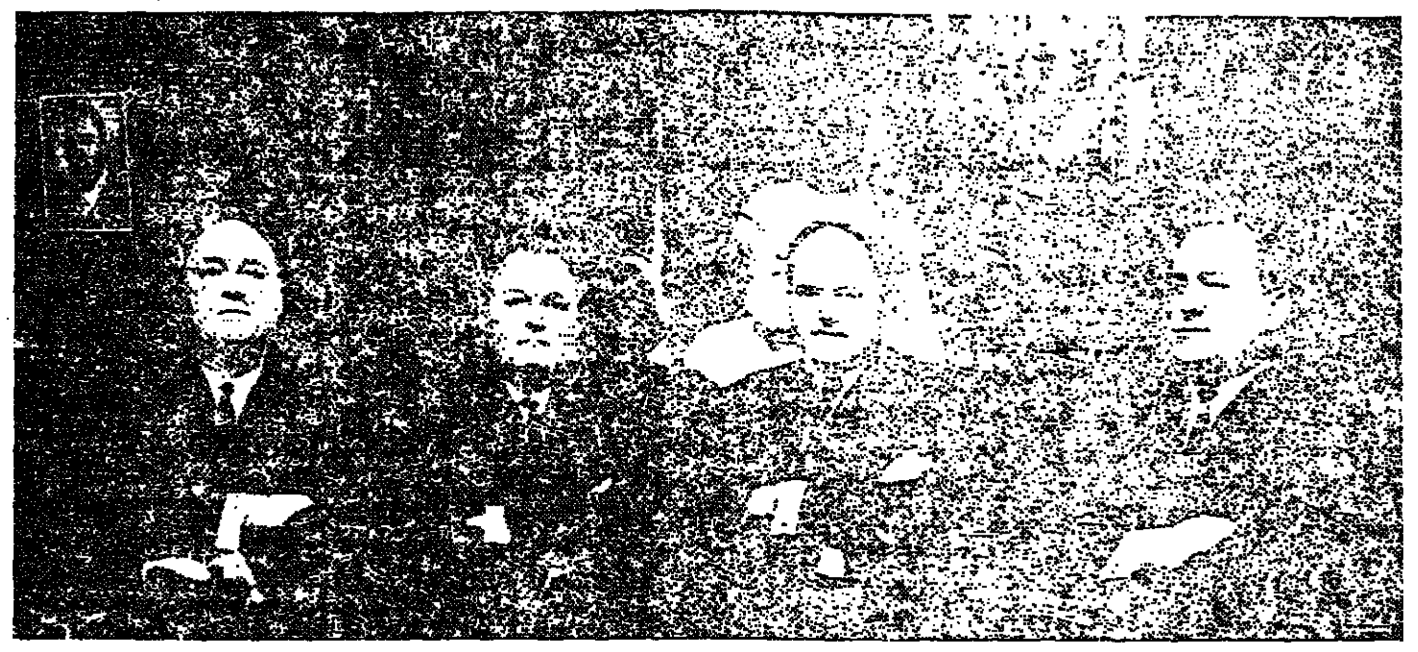
In the event, the brothers volunteered their signature to this agreement. But it was clear that the Government, about to hand out the first slice of taxpayers' money to cover July wages, had insisted on it.

This was what was going to happen, said M Pierre Mauroy, the Prime Minister, to businessmen who got into trouble through "incompetence or indélicatesse"—the latter a parlour word for dishonest dealings.

Under French bankruptcy proceedings a company, if it is not granted a temporary suspension of claims, files its petition in a commercial court, which appoints a syndic or receiver to represent creditors' interests. It can also appoint an administrator with wider powers.

In this case it has taken the running of the whole group out of the Willots' hands, and has a lien on everything they own.

What must have angered the Government most was that the Willots should have chosen to throw in the sponge as soon as the Socialists gained power.


The Willot brothers: as an image of unfashionably-cut dark business suits and closely-guarded privacy

It was the first of several such coincidences. Problem cases in machine tools and the tyre industry, requiring restructuring measures, have also just landed on the Industry Minister's desk.

A top non-government legal expert dealing with the case has reached the conclusion that Boussac-Saint Frères (BSF), grouping all the Willots' industrial operations, was in a position to file for bankruptcy as long as a year ago.

With hindsight it is puzzling how the Willots, who pledged to keep jobs at Boussac, could ever have been expected to make it come good: rather as if Attila the Hun had been appointed to rebuild the Roman Empire.

The emperor in this case, M Marcel Boussac, one-time Cotton King, an old-style paternalistic employer who started out as a draper's son and made a legend for himself with newspapers and racing-stables to his name, had already had to give way to the receiver. His business had long been on the way down and the Willots, who picked up most of it for a token £64m, were on the up and up.

They were the third generation. Their grandfather started making bandage near Lille at the start of the century. Their father left them two plants in 1954. The brothers, the eldest of whom was then 31, began sweeping up what the traditional mill-owners of the region left behind.

In the late 1960s they merged with Agache, another textile group, and then branched out into distribution. Belle Jardinière, a 150-year-old Paris store on the Right Bank of the Seine, then Au Bon Marché came under Willot control. Although Belle Jardinière, which used to be where French postmen and policemen bought their uniforms, is these days no more than a holding company and a name on a building, distribution became the group's biggest side.

The Willot image was then made up of big black Citroëns, villas in the heavy northern style, unfashionably-cut dark business suits and closely-guarded privacy. Their reputation as asset-strippers was not helped by a secretive and extremely centralised style of management.

In 1974, all four brothers were sentenced to fines and suspended jail sentences for a long list of offences, including fraud and forgery, committed in the process of gaining control of Saint Frères, an old jute business, and the two Paris stores.

Let off under the traditional amnesty when M Giscard d'Estaing became President that year, they went on to take over a furniture chain and a Belgian store, Galeries Anspach. Their bid for Boussac in 1978 was retained against that of their one remaining rival, on two grounds: it meant no direct financial participation by the State and required fewer redundancies

The textile side was reorganised as BSF. Small shareholders kept just under a third of the capital. The Willots hired a high-flying technocrat to introduce more rigorous management, but got on badly with him. He left after a year.

The Bourse Operations Commission, which had been at the Willots' heels as far back as 1970, soon complained about delayed and confusing accounts; about a loss in 1978-79 which, by juggling around with tax-free provisions, had been made to look like a net profit; about share-buying by companies inside the group; and about the terms of service contracts between different Willot subsidiaries.

The latest court charges—misuse of company assets—concern Christian Dior, which is a BSF subsidiary and Belle Jardinière, controlled indirectly by the Willots and itself a shareholder in Agache-Willot. Some of their assets are alleged to have been channelled into a bailing-out operation for BSF.

This kind of manoeuvre is the main source of the Willots' notoriety. But apart from some interesting jurisprudence it provides the least important element in the present saga. The Willots' technique of manipulating assets, where they have been able to do so, has been controversial but largely successful.

The same cannot be said of the takeover of Boussac, which marked their bid to regain respectability after the humiliation of the 1974 convictions. Already weighed down by problems at their Belgian store, the brothers compounded their error by buying up Korvettes, a cut-price store chain in the U.S., in 1979. It was not the bargain they thought: a year and a half later the stores were being closed down.

Meanwhile financial charges at BSF were rising to an estimated level of £27m a year. The Willots' two main bankers kept paying their cheques until June, then they stopped.

The third element, the one that goes beyond the interests of fellow-shareholders, and the real reason the affair has come to a head, is simply the textile crisis. Since the fateful moment when the Willots' upward path joined Boussac's downward path, they have been right at the heart of it.

In those three years imports have risen from 41 per cent of the French market to more than half. In clothing the proportion is much higher. The French textile industry, comprising 2,500 companies and employing 314,000, suffered a 6 per cent drop in activity last year.

The future of the Willot group will have to be decided in the context of an overall textiles plan. In the meantime, the Government is providing finance to help it keep going until the end of September.

By then the temporary administrator, M Albert Chassagnon, will have drawn up his report. Legal, financial, industrial and labour experts from the civil service have had their holidays cancelled and been detailed to assist him.

The Government cannot afford closure at BSF. On the basis of what redundant steelworkers obtained from the previous Government, it would have to reckon with some £100m in indemnity payments, not to speak of side-effects such as the collapse of the flax sector

Yet neither can it afford to keep BSF going on its current basis, with big loss-makers in cotton and other sectors. In the reorganisation, Agache-Willot as a group seems destined for break-up; its profitable retail interests could easily be sold off. But there is great pressure against doing the same with the healthier bits of BSF, especially Dior.

The union federations, while exulting over the discomfiture of the Willot brothers, are very much on their guard against any "dismantling" measures.

In the afterglow of the Left's election victories they have so far spared the Government any major confrontation. This could well be the first.

Letters to the Editor

The high cost of dock labour

From the Vice-President and Chairman, Ports Policy Committee, General Council of British Shipping

Sir, — Your leader (August 17) might well have been headed "The high cost of the dock labour system," for it is the antiquated and creaking system which is so expensive, affecting the competitiveness of many ports and threatening the actual viability of several.

Consider how much has changed since the Dock Work Regulation Act was passed in 1947. There has been decasualisation, with every registered dockworker being allocated to a named employer; there has been comprehensive national employment protection legislation providing a new framework for the relationship between employers and employees; and there are fewer port employers and far fewer dock workers. Yet the basic features of the scheme still continue, and the most expensive of these is the rigidity of employment.

Over 90 per cent of this country's international trade moves by sea, and dockers are essential for the handling of general cargo, containers and many bulk cargoes. Their employers, however, do not have any realistic flexibility in altering the number of dockers to reflect significant changes in the volume of trade moving. Instead, when trade has drastically declined, they have surplus workers whom they are still required to employ; and when trade has expanded they are undermanned and ships are delayed. In both cases the shipowner has a very considerable extra bill to pay.

Thus, the discussion the Financial Times has started is valuable. Can port authorities spell out how much the scheme costs each of them in comparison with their competitors on the Continent? Can exporters and importers say what benefits the scheme offers them to set against this extra cost? Can trade unionists, within the ports industry and outside, say whether—given decasualisation and the availability of the national employment protection legislation — it is necessary to have a régime for dockers different from that of other industries?

The high cost of the dock labour system is a burden on the whole country, and it is time we set out to tackle it. It should not be beyond the wit of man to devise simpler and cheaper ways of ensuring that dockers are treated in the same way as workers in other industries.

M. A. Nicolson.
30-32, St. Mary Axe, EC3.

Economic forecasting

From Messrs G. Davies and D. Morrison.

Sir,—In recent weeks, your columns have been filled with special pleading from economic forecasters in London, Cambridge and the City, each claiming particular merit for their own work. All have had notable forecasting successes in the past. But, for most econometricians, including those who have contributed to your letters page, the conclusions of Peter Riddell's article on August 13 should have been sobering.

It is very difficult to find evidence that the performances of these econometric forecasters have differed significantly from each other, or that they have always out-performed much simpler methods. Indeed the well-known Manchester Business School study by Hatjoullis and Wood (quoted by Peter Riddell) concludes for the period 1974-77: "One must take care in interpreting these results with respect to the question of 'who forecasts best?' since, in view of the small sample size, it is unlikely that there is any statistically significant difference between the forecast sources . . . The most striking feature is the failure of the forecasts as a whole to substantially improve on the naive no change model in forecasting GDP, consumers' expenditure, GDFI (investment), exports and imports."

The report also argues that, even if significant differences could be found between forecasters, these may arise from various biases, including the timing of data used and the fact that some forecasts (including those of the London Business School and the National Institute of Economic and Social Research) were specifically on a "no policy change" assumption, while others were designed to predict the most likely outcome, including policy changes.

In view of the above results perhaps your correspondents should spend more time improving their services to governments, industry and markets and less time claiming that the philosopher's stone is buried under their own particular computer!

Gavyn Davies,
David Morrison.
Simon and Coates,
1, London Wall Buildings, EC2.

Enterprise zones

From Mr R. Evans.

Sir, — Your further correspondence about enterprise zones raises two points, both of which require an answer.

It is said that EZs should benefit only manufacturing enterprises; "Service industries," writes Michael Brookfield of Sale (August 19) "do not create wealth." But can that be so? In a complex economic system the "wealth" of the community depends upon the efficiency and drive of every sector, not just manufacturing. Imported goods must be distributed, sold, serviced. Are not Marks and Spencer, Sainsbury and Tesco integral elements in the community's "wealth"? Are not our roads and distribution systems vital to the standard of living that we all enjoy? The distinction between manufacturing and service industries is theoretically unsound, and certainly means nothing in the context of a specific city economy, such as Swansea.

Enterprise zone legislation, by escaping from official preoccupations with manufacturing industry, heralds a deeper understanding of the economy as a whole. Happily, that understanding now also informs the new loan guarantee scheme, the business start-up tax relief scheme and the new market entry guarantee scheme: they all benefit services, as well as manufacturing firms.

My assertion that enterprise zones are not about job creation is challenged. On this, I stand my ground: the legislation contains not one reference to employment, and the enterprise zone authorities do not even have any statutory right to ascertain what a firm's pay-roll or employment potential will be. Even if they had, there is no one wise enough to know just where the sparks of future economic growth will be generated so as to exclude one firm and admit another.

It is, of course, true that public opinion has become preoccupied with the employment implications, because unemployment now colours every public debate, whatever the subject. But that should not be allowed to distort the evidence; enterprise zones will still be with us when the unemployment problem has been solved, as solved it will be, by other means.

This correspondence has served to emphasise one thing: that every enterprise zone is different, carrying with it different implications for the economy of its own city region. There is no single enterprise zone formula, just as there is no single "inner city problem." There are merely several different city economies, in varying degrees of difficulty, to which the enterprise zone legislation is seeking to make a constructive contribution. And what, I repeat, is wrong with that?

Roger Warren Evans.
Swansea Enterprise Zone Office, The Guildhall, Swansea.

Reductions, not redundancies

From the Group Public Affairs Adviser, Midland Bank

Sir,—May I correct the statement in your report on Barclays Bank productivity policy (August 20) that Midland Bank has announced 2,000 redundancies.

This is not so. On July 3 Midland announced that it is to carry out a detailed review of all head office departments and aims to reduce the number of jobs in head office by some 2,000 over the next four years.

Wherever possible this will be achieved by natural wastage, retirement and redeployment. In some areas redundancy may be unavoidable. At this stage it is impossible to quantify the number of possible redundancies, although these will be kept to a minimum.

W. H. K. Matthews.
Poultry EC2.

Loving care

From Mr M. Minford

Sir,—David Palmer's feature on spina bifida (August 15) gives an apparently fairly-balanced appreciation of the factors involved in considering the treatment of its victims. But —and it is a very big "but"— he has omitted very important evidence by failing to quote the criteria for operating on these children, which were most clearly stated by Professor Zachary in December 1977. Therein lay a positive ethical-technical guide to medical practice, in sharp contrast with the pessimistic nostrum represented by Professor Lorber's "selection" doctrine.

Professor Zachary's philosophy on the treatment of spina bifida survivors, whether operable or not, includes loving care even for those unlikely to last long, rather than the regime of chloral hydrate and starvation which is now all too commonly preferred by our doctors. The medical profession has become so brain-washed with the daily large-scale denial of life to the child in the womb in our "abortoirs"—one every 3½ minutes—that this concept has indeed "spilled over into the post-natal period."

This attitude is reflected further in the Short report on perinatal and neonatal mortality. The Report's recommendation No. 28 does not even appear to envisage that the newly-born severely handicapped have any right to surgery or therapy "unless there are overwhelming reasons." Recommendation No. 123 can only be interpreted in present circumstances as a proposal to further the elimination of the handicapped themselves on "cost-benefit" grounds rather than allocating our scarce human and financial resources to positive measures aimed at overcoming the causes of handicap. And all this in the International Year of the Disabled!

May I take David Palmer up on his emphasis that "(Professor) Zachary is a Roman Catholic." Perhaps I should just comment on this by saying that Debbie Saunders, leader of the somewhat radical pro-life "Women for Life" movement is a determined Humanist. When will the people realise (or be allowed by the media to realise) that there is not some merely Catholic bias towards preserving life rather than destroying it. A strong belief in social justice and human rights for the handicapped is not the prerogative of any one sect—it applies to other Christians, to those of non-Christian beliefs and many of no formal faith at all.

David Palmer is right, however, in his important statement that "It is surely right that . . . the issues . . . should be fully and openly discussed by the general public." Indeed, let us end the conspiracy of silence that has been deliberately fostered round this huge problem for far too long.

M. Minford,
Clee House, 473 Crewe Road, Wistaton, Cheshire.

Exchange rates

From Mr S. Stewart

Sir,—Mr Longton's criticism (August 13) of Sir Michael Edwardes (August 11) underlines the importance of the point I made (August 12).

Yes, sterling depreciated against the Deutschemark between August 1974 and August 1978, but over the same period the real exchange rate, measured in terms of export prices, rose by 8 per cent. Small wonder that we were not complaining about the low value of sterling.

Sir Michael, in fact, understated his case. Exchange rates are determined by fiscal and monetary policies and not by markets. The destruction of British industry is a political act, not an economic necessity.

Shaun Stewart.
The Old House,
Willards Hill,
Etchingham, East Sussex.

Today's Events

GENERAL

UK: Mr Caspar Weinberger, U.S. Secretary of Defence, meets Mr John Nott, Defence Secretary, for talks, London (until August 23).

Motorcycle Show—BIKE '81 opens, Earls Court (until August 31).

International Craft and Hobby Fair opens at Wembley Conference Centre (until August 26).

Princess Anne attends shooting event of Norwich Union ladies modern pentathlon first world championships at Stone Lodge, Dartford.

Overseas: Sir Ronald Gardner-Thorpe, Lord Mayor of London, meets President Belaunde of Peru, and tours city of Lima.

Mrs Jeane Kirkpatrick, U.S. Ambassador to the United Nations, arrives in Dacca for three-day visit to Bangladesh—meets acting President Abdus Sattar, Prime Minister Shah Azizur Rahman and Foreign Minister Professor Shamsul Huq.

OFFICIAL STATISTICS

Department of Employment publishes the retail prices index for July. Central Statistical Office issues July tax and price index.

COMPANY MEETINGS

Ariel Industries, Omnia Works, Mill Road, Rugby, Warwickshire, 12.00. Arlington Motor, Chartered Accountants Hall, Moorgate Place, EC, 12.00. John J. Lees, Albany Hotel, Bothwell Street, Glasgow, 12.00. London Investment Trust, Howard Hotel, Temple Place, WC, 12.00. R. W. Toothill, Durham Way, Aycliffe Industrial Estate, Darlington, Co. Durham. 12.00.

COMPANY RESULTS

Interim dividends: Corah, Kennedy Brookes, Parambe.

LUNCHTIME MUSIC, London

Concert by the Oom Pah Band, Tower Place, 12.00 noon.

Recital by Gabriella Gros-Galliner (soprano) and Robert Aldwinckle (piano), St Lawrence Jewry, Gresham Street, 1.00 pm.

Recital by Alexis Affonson (piano), St. Martin-within-Ludgate, 1.15 pm.

UK COMPANY NEWS

Wm. Nash incurs first half loss

THE loss-making trend at William Nash seen in the second half last year when there was a loss of £26,000 compared with profits of £472,000, has continued into the first half of the current year. In the six months to June 29, 1981, this maker of specialist paper incurred losses of £87,000 against pre-tax profits of £127,000.

The interim dividend is cut from 5.5p to 3p.

Turnover of this "close" company fell from £6.42m to £4.91m.

The directors say there have been re-organisation expenses and redundancy payments of £120,000, reduced by £32,000 from sales of property and plant. They say the results for the first half are an indication of the problems facing individual members of the UK paper industry.

In the circumstances, Horton Kirby mill performed reasonably well, but Cray Valley suffered severely from low prices relative to increasing costs. The board says both mills have good order books for the second half, and every step is being taken to improve the position at Cray Valley. Results for the full year are difficult to anticipate, they say.

There was again no tax charge, but there was an extraordinary debit this time of £88,000.

R. Dutch/Shell dives to £164m second quarter

SECOND-QUARTER 1981 net income of the *Royal Dutch/Shell* Group of Companies tumbled from £680m to £164m, leaving the figure for the first half of the year well down at £496m, compared with £1.4bn last time.

Excluding the effects of the FIFO method of inventory valuation and of FAS 8 currency translation and conversion, net income for the second period was £251m. This was at a similar level to the first-quarter figure of £256m, but was some 43 per cent below the £440m of the second quarter last year.

As already indicated in July, reported earnings for the quarter have been distorted to an exceptional degree by the application of FAS 8, although the actual effect was less than had been anticipated.

This is illustrated by Shell Oil Company of the U.S. where total earnings for the second quarter were $410m. However, on translation into sterling on a FAS 8 basis, this became a net loss of £195m (£136m after minorities).

Shell Oil's improved dollar earnings from its oil and gas production operations and stable oil products were largely offset by a fall in chemicals earnings and higher interest charges. Shell Canada's dollar results declined, reflecting lower earnings from oil and gas operations.

	First half 1981 £m	1980 £m
Oil and natural gas		
Exploration and production		
Excluding Shell Oil and Shell Canada	538	495
Shell Oil & Shell Canada	353	283
Manufacturing, marine and marketing		
Excluding Oil & Canada	353	613
Shell Oil and Shell Canada	94	98
Making	1,339	1,489
Chemicals		
Excluding Oil & Canada loss	31	*28
Shell Oil & Shell Canada	11	30
Other industry segments loss	32	*3
Making earnings†	1,287	1,550
Corporate items	133	51
Minority interests & net currency		
Translation effects	658	101
Making net income	496	1,398

* Profit. † If allowance were made for after-tax effects of adjusting cost of inventories sold from FIFO to estimated current cost of supplies, earnings would be reduced as follows: oil and natural gas (mntg., marine and marketing) £497m (£450m) and chemicals £23m (£20m).

Outside North America, earnings from oil and gas production were higher than in the corresponding period last year, reflecting the higher prices of crude oil and natural gas. Product markets, however, continued to suffer from higher oil acquisition costs, stemming from both the OPEC crude oil price increases during the year and the significant strengthening of the U.S. dollar against all major currencies.

These were not fully recovered in a number of important local markets because of the recession, the looser oil market and the competitive disadvantage in crude oil costs when compared with supplies of Saudi Arabian crude oil.

Against this background, significant losses continued to be recorded by the manufacturing, marine and marketing sectors when taking account of the estimated current cost of supplies. In chemicals, losses continued to be made, mainly on European operations.

The group says that in the absence of a revival of worldwide economic activity, the demand for oil products seems unlikely to increase in the near future, and the continued strengthening of the dollar poses problems for the industry.

However, competition in crude oil markets is beginning to have an impact upon the price differentials between different crudes and the group says the outcome of the Opec discussions is critical in this regard. In Europe, there are clear signs in the chemicals business that the decline in sales volume has been arrested, but the timing of any upturn continues to be uncertain.

Net income per 25p share was 5.75p (23.78p) for the second quarter and 17.33p (48.85p) for the half-year. The respective figures per Fl 10 Royal Dutch share were Fl 1.98 (Fl 7.08) and Fl 5.98 (Fl 14.31).

Interim dividends are normally announced in September. Last year, Shell paid an interim of 8.6p net and a final of 10.5p. Net income for 1980 totalled £2.23bn.

Second quarter total revenue increased from £8.49bn to £9.57bn. Sales proceeds and other operating revenues were £11.14bn (£10.05bn), before sales taxes, excise duties and other similar levies of £1.71bn (£1.82bn). Included in cost and expenses of £9.4bn (£7.81bn) for the quarter, was tax of £934m (£906m).

First-half capital expenditure of £1.6bn was some 21 per cent above the corresponding period last year. There was an increase in the period of £1.25bn in inventories and receivables, net of payables. Short-term borrowings rose by £315m, long-term borrowings increased—mainly in Shell Oil—by £1.12bn (of which £727m was currency translation effect) and as a result, the long-term debt ratio rose to 27 per cent.

Excluding Shell Oil and Shell Canada, earnings in the second quarter from exploration and production activities were 26 per cent above the corresponding level last year. Oil production operations benefited from crude oil price increases and the strength of the dollar. In most areas, however, tax charges also increased. Natural gas volumes were slightly below the volumes of the second quarter of 1980; in general, however, prices were higher.

Shell Oil's exploration and production earnings increased by 23 per cent in dollar terms, reflecting the continued benefit from higher prices for crude oil, natural gas and natural gas liquids. Much of this benefit was offset by the windfall profit tax.

Shell Canada's earnings in this sector declined substantially from the corresponding period last year because of additional taxes and reductions in oil and gas volumes.

	First half 1981 £m	1980 £m
Revenues		
Sales proceeds	21,655	20,248
Sales taxes, levies	3,287	3,521
Leaving	18,368	16,727
Share of associates	204	404
Interest income	197	181
Making	18,769	17,312
Costs and expenses		
Purchases and operating	13,022	11,957
Selling, gen. admin.	2,022	1,022
Exploration	284	205
Research & development	123	98
Depreciation	623	527
Interest	277	214
Tax	1,859	1,731
Minority loss	37	†160
Making	18,273	15,914
Net income	496	1,398

† Income.

Sir Peter Baxendell chairman of Shell Transport and Trading

See Lex

Benford down £0.6n halftime

FIRST-HALF 1981 taxable prof of Benford Concrete Machine dropped to £939,000, compar with £1.53m for the same peri of 1980, on turnover down fro £12.57m to £10.53m.

The mid-year profits, howev show a 20 per cent increase the £787,000 made in the seco six months of last year.

The company points out th 95 per cent of turnover cat from Benford Ltd's concre equipment, 70 per cent of whi was exported.

Stated earnings per 10p sha decreased from 3.2918p 2.4306p, but the net interi dividend is being maintained 0.875p—last year's final w 1.75p.

Tax for the six months to £400,000 (£795,000) giving a r balance of £539,000, agai £730,000 last time.

UDT drops to £7.6m

GROUP pre-tax profits of Unid Dominions Trust, the interntional banking and finan services group, were down fro £11.2m to £7.6m in the year to June 30, 1981. In March e group was taken over by Truse Savings Bank (Holdings).

Mr A. C. Richards, chief executive, says in his annual revi that in an intensely competite instalment credit market, e group's efforts have been centd on strengthening its links wi the motor, caravan and motorcycle trades, and on develop its business in the home improvement and direct persal loan markets.

He says that with e strengthened balance sheet, e group now has a proper structe upon which to base its plans or the future.

The group plans to re-establih its presence in the commercl, industrial, agricultural and hevy commercial vehicle markets ad has recently set up a commeral division for this purpose.

Mr Richards says the group ws able to repay in February e final tranche of the money chanelled through to it by the Bank of England and other banks constituting the "support group" At its peak in August, 1975, ths had amounted to nearly £500r. Now the group plans to continu to expand its levels of deposit with the emphasis on establish ing a portfolio better matched t its lending.

In the property finance divi sion, results were affected by the "burden of carrying unremunera tive balances," which relate solely to the aftermath of the collapse of the property market in 1974. It is the board's intention now to develop the property finance portfolio.

Swan National Rentals, the group's vehicle hire and motor distribution company, was unable to avoid the severe effects over the past year of a sharp contraction in volume, after several years of strong growth, and heavy depreciation reflecting the fall in secondhand values.

Mr Richards says the sale of other companies which are unrelated to mainstream activities is being pursued.

Group tax for the year to June 30, 1981 was £3.9m (£2.8m). Share of profit attributable to minority shareholders was £700,000 against £500,000. After extraordinary debits of £1.6m (£700,000) and dividends on preference stock of £1.1m (£2.2m), retained profits were £300,000 against £5m. At the year-end stockholders' funds totalled £86.9m (£78.8m).

Dale Electric International slides to £0.5m

TAXABLE profits of Dale Electric International slumped from £1.31m to £459,000 in the year to April 26 1981, on marginally higher turnover of £24.37m compared with £24.24m.

At the half-year stage pre-tax profits of this electric generating set manufacturer had already fallen to £205,000 (£434,000) on turnover of £11.2m (£11.1m).

The final dividend is being reduced to 1.8p net (2.725p) per 10p share making a total for the year of 2.5p (4.125p). Earnings per share are stated higher at 8.11p (4.56p).

The current outstanding order book has almost doubled from £14m a year ago to £27m, the directors say.

However Mr Leonard H. Dale, the chairman of Dale Electric, says that while the group remains one of the most successful in the industry the year under review did not meet all expectations.

Losses in some of the group's smaller subsidiaries took their toll by offsetting reasonable profits earned by the generating set company, Houchin Erskine and the plant hire and contracting interests. "The board is determined to eliminate these damaging losses in the current year."

The trading position worldwide remains volatile but the group is better placed than 12 months ago to improve its prospects, Mr Dale says, but adds that he does not want to give shareholders an over rosy picture of the current year.

There was a tax credit of £588,000 (£702,000 charge) and the attributable profits emerged at £1.01m (£536,000) after minority interest credits of £31,000 (nil) and extraordinary debits of £70,000 (same).

Current cost adjustments reduced the pretax profits to a loss of £313,000.

HIGHLIGHTS

Lex looks at the latest figures from **Royal Dutch Shell** where the underlying performance in the second quarter is roughly in line with that of the first though well down on the comparable figure last year. The column moves on to consider the news that **Grand Metropolitan** is engaged in negotiations with **Pan Am** for the purchase of International Hotel. **Letraset** launched its defence document yesterday which made all the right noises but proved a little short on hard figures. Finally Lex considers the latest annual accounts from **Distillers**.

● comment

Generator-sets have been a drug on the international market for the last couple of years, and Dale Electric's profit record shows all the marks of a prolonged price-war: yesterday's pre-tax profit is less than 14 per cent of the £3.3m earned in 1979. Forecasting the recovery is a dangerous game—rising order books this time last year prompted hopes that the worst was over, but the year-on-year decline has proved to be proportionally even greater (65 per cent against 61). Despite that, there are grounds for optimism. Non-labour overheads have been reduced by some 20 per cent at Filey, and savings at Houchin's plant in Knt have been on at least the same scale. Turnover is projected at about £27m, implying a sufficient factory loading to generate trading margins of 9 or 10 per cent. That suggests a pre-tax figure of £1½m in the current year, and a fully-taxed p/e of about 12 on a 68p share price. The historic multiple is over 40, however, which indicates that a little faith is required.

CHAMBERLAIN PHIPPS OUTLOOK

At the AGM of Chamberlain Phipps Mr W. R. F. Chamberlain, chairman, said the group had a good first quarter and he was confident that in November be would be ale to report a significantly higher profit than last year at the half way stage.

He also believed the result for the year would be satisfactory and the group was now considering some new projects and possible acquisitions.

L. Newmark falls to £1.81m

TAXABLE PROFITS of Louis Newmark slipped from £2.31m to £1.81m in the year to March 28, 1981, on turnover ahead at £30.11m compared with £29.53m.

At the half-year stage this electronic and precision engineer and watch distributor produced pre-tax profits of £1.17m (£1.11m) and turnover stood at £14.69m (£14.03m).

The final dividend is being maintained at 7p net per 25p share making a total of 11p (10.5p). Earnings per share are stated at 35p (35p).

After a tax credit of £1.35m (£1.25m charge)—including a transfer from deferred tax provisions—the attributable profits emerged at £3.16m (£1.06m).

The directors say business in the second half was in line with midway forecasts except that turnover aimed at the consumer market suffered more than expected, particularly in the last quarter.

The current financial year opened with business continuing on this reduced level and the directors anticipate that the first six months will show results similar to those of the second half of last year.

Indications of an upturn in the latter part of the current year lead them to the belief that profits for the full 12 months will be similar to the year just finished.

Pre-tax profits were struck after depreciation of £631,000 (£560,000), while current cost adjustments reduced these profits to £1.03m.

● comment

Louis Newmark has reported a 27 per cent pre-tax profits decline and predicts a flat year. Losses in the watch division helped to halve trading profits on the merchanting side of the business, which accounts for about a third of sales. The company, however, remains in good shape thanks to its electronic components and instrument division which—accounting for some 50 per cent of turnover—turned in a healthy two-thirds of the group's trading profits and continues strong in the current year. The group's Swiss subsidiary has maintained its contributions of about £200,000 for the year, while the group's defence-related contracts, some 10 per cent of turnover, provides further padding against its merchanting troubles. With nearly £1m in gilts against borrowings of a similar amount, the group has no net capital gearing. Assuming merchanting picks up in 1982, the group's fully-taxed PE of 12.2 is not demanding, the shares, down 5p to 360p yields 4.4 per cent.

Morgan Crucible raising £10.8m to purchase U.S. group

Morgan Crucible, the furnace components and thermal products group, is asking its shareholders for £10.8m after expenses through a rights issue. The funds will be applied towards the purchase of **Hydrotex Industries**, a U.S. lubricants group.

At the same time, Morgan announced sharply depressed half-yearly results. Pre-tax earnings for the six months ended June 28 were £2.58m against £6.49m last year and sales were £61.78m against £64.7m. The interim dividend was cut to 3.5p against 4.5p last year, but the group intends to maintain the full-year net dividend at 7.5p.

Following the announcements, the shares dropped 4p to 128p.

Morgan is offering 10.5m new ordinary shares to shareholders at 107p each, with shareholders having the right to take one new share for every four they already hold. Gross proceeds of the issue will be over £11m.

The company is raising approximately £14.7m through medium-term multi-currency bank borrowings, in addition to the £10.8m net proceeds of the rights issue. Of this, $35m will be used to finance the purchase of Hydrotex and the balance will be used to repay current short-term borrowings.

Referring to the group's six-month figures, Mr Ian Weston Smith, chairman, said an improvement is likely in the second half when trading margins should reach 10 per cent, against 6.8 per cent in the first half. Mr Weston Smith said: "The UK business atmosphere is now a lot healthier than it was."

Morgan has said the acquisition of Hydrotex is intended to complement its existing lubricants businesses Rocal and Franklin Oil in the U.S.

The rights issue has been underwritten by J. Henry Schroder Wagg and Kleinwort, Benson.

● comment

The Morgan Crucible share price has been discounting a rights issue to finance the Hydrotex purchase for several weeks and yesterday's announcement of a one-for-four call left the shares only 4p lower at 128p. Even with the issue, net debt of the enlarged group will total almost two-thirds of tangible net worth—though gearing should fall closer to 50 per cent after asset revaluation. The shares also received some support from interim figures which showed the first quarterly improvement in trading margins since 1979. At 8.9 per cent, they are still well below the historic norm but a recovery pattern has been established. The Hydrotex acquisition will add a genuine growth area to the cyclical recovery and could contribute around £750,000 after financing costs in the current year. So there is unlikely to be any earnings dilution and full year profits of at least £8m before tax look feasible. This would leave the shares on a fully taxed multiple of around 16, taking average capital over the year, which is fully discounting the recovery, particularly as the profit from the Battersea development (worth maybe 20p a share) looks no closer than ever.

United Scientific Holdings roars ahead to 495p

RETURNING to the dealing list after seven weeks in suspension, the shares of **United Scientific Holdings** roared ahead esterday valuing the company at over £130m.

USH suspended its shares at the beginning of July at 448p before announcing the £27m purchase of Alvis, the Scorpion tank manufacturer, from BL.

At the end of the month the company, a leading supplier of optical equipment for military purposes in the UK and overseas, announced terms of a seven for 17 rights issue pitched at 360p per share to finance the acquisition.

The rights document contained a forecast for USH of profits for the year ending next month of not less than £6m. Alvis is projecting profits of £5½m.

Yesterday the ordinary shares opened up at 510p each and the new shares at a 150p premium over the offer price—considerably higher than had been anticipated. During hectic trading throughout the day the ordinary shares touched 550p, the new shares 190p, before settling back to close at 495p and a 140p premium.

BIRMINGHAM DROP LOCK

The Birmingham District Council £75m drop-lock stock 1986-93, underwritten by Morgan Grenfell, the merchant bank, has been fully subscribed. Applications from the public have been allotted in full.

Dealings in the stock, the first drop-lock stock to be offered to the public and quoted on the Stock Exchange, start today.

Sogomana Gp. M$6.12m claim awarded

The directors of Sogomana Group announce that regarding the claim for M$6.12m in respect of 81.6 acres of Shelford Estate, in Malaysia, they have been advised that the Collector of Land Revenue has awarded this sum.

The award is subject to appeals and it will be some considerable time before the proceeds are received. The eventual proceeds will be subject to deductions for expenses and consequential disturbance to the estate as well as taxation.

Allied Colloids cuts debt

A FALL in capital expenditure by *Allied Colloids Group* from £4.7m to £2.7m in the year to March 28 1981 does not imply a slowdown in its policy of investment in new plant or modernisation of existing equipment says Mr R. Gill, chairman, in his annual statement.

It merely reflects that past investment allowed for growth, and the effect has been to reduce the company's borrowing requirement. Despite the increase in working capital needed by increased overseas sales the company's indebtedness has been decreasing steadily since the early part of 1981, he says.

As reported on July 17 this manufacturer of industrial chemicals advanced taxable profits for the year to March from £3.25m to £4.04m.

In the first quarter of the current year sales were up 16 per cent, with the fall in sterling benefiting exports. However this has also caused a hardening of raw materials prices, though Mr Gill says on balance if sterling remains at the same level as in this quarter Allied Colloid's results should improve.

SCOTTISH AND NEWCASTLE

At the annual meeting of Scottish and Newcastle Breweries yesterday Mr Peter Balfour, the chairman, said activity in every part of the company's business had so far been at a lower level than last year, as he had pointed out in his statement with the report and accounts.

He said there had been some signs of improvement and the trend is better, but that "the market place in our main trading areas remains difficult."

This Edinburgh brewer sells beers under the brand names McEwan's, William Younger's and Newcastle.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Benford Concrete ...int.	0.88	Oct 1	0.88	—	2.63
Dale Electric Int.	1.8	—	2.73	2.5	4.13
A. and J. Gelfer	2.3	Oct 9	2.2	3.9	3.7
Louis Newmark	7	Oct 23	7	11	10.5
Noble and Lund ...int.	Nil	—	0.18	—	0.42
Stenhouse Hldgs. ...int.	1.82	Sept 30	1.82	—	4.65
Woodhouse & Rixson int.	0.5	Oct 1	0.9	—	1.4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

1980-81 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
112	100	ABI Hldgs. 10pc CULS	112	—	10.0	8.9	—	—
76	39	Airsprung	70	—	4.7	6.7	11.1	15.4
52	21	Armitage and Rhodes	43xd	—	4.3	10.0	3.6	8.1
200	92½	Bardon Hill	198	—	9.7	4.9	9.5	11.7
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
126	88	Frank Horsell	105	—	6.4	6.1	9.6	22.8
110	39	Frederick Parker	63	—	1.7	2.7	27.4	—
110	64	George Blair	64	—	3.1	4.8	—	—
99	93	IPC	99	—	7.3	7.4	7.1	10.8
113	59	Jackson Group	107	—	7.0	6.5	3.4	7.6
130	103	James Burrough	125	—	8.7	7.0	9.1	11.5
334	244	Robert Jenkins	310	—	31.3	10.1	4.3	11.0
59	50	Scruttons "A"	59	—	5.3	9.0	9.1	8.4
224	189	Torday	189	—	15.1	8.0	7.3	12.5
23	8	Twinlock Ord.	13	—	—	—	—	—
90	68	Twinlock 15pc ULS	76	—	15.0	19.7	—	—
56	35	Unilock Holdings	37	—	3.0	8.1	6.6	11.2
103	81	Walter Alexander	93	—	6.4	6.9	6.1	10.8
263	181	W. S. Yeates	235	—	13.1	5.6	4.5	9.0

THE TRING HALL USM INDEX

127.7 (+0.2)

at close of business 20/8/81

BASE DATE 15/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 558-563 (−1)

OIL INDEX

October Refined $42.40

December Refined $43.90

Distillers Export turnover exceeds £400 million

Extracts from the Statement of the Chairman, Mr. J. R. Cater, circulated with the Report and Accounts for the year ended 31st March 1981.

General observations on results

Turnover and profits

Although turnover excluding duty increased by 3%, trading profit at £174.7 million fell by £8.9 million compared with the previous year. Sales of Scotch whisky were down in volume, partly as a result of customers destocking in difficult economic conditions but also because consumer demand was disappointing in several important markets. Gin sales were similarly affected. Shipments in the final quarter ahead of export price increases were however surprisingly high and resulted in an unexpectedly strong finish to the year.

The Food Group was unable to maintain margins in the face of keen competition and increasing costs, with the result that profits were less than half those of the previous year. The Carbon Dioxide Company on the other hand managed to achieve a small advance.

Despite the fall in profit, the charge for taxation was £7.0 million higher than last year due largely to a reduction in the amount of stock relief. The relief has been calculated in accordance with the new system set out in the Financial Bill 1981. It would have in any case been considerably lower but the new method of calculation has reduced it by a further £1.4 million.

Dividends

The directors recommend a final dividend of 7.75p per share. An interim of 3.00p per share has already been paid, making the distribution for the year 10.75p. Together with the associated tax credit, the total distribution is equivalent to 15.35714p, the same as last year.

Scotch whisky

Production

The need to realign inventories with forward sales projections made it necessary to reduce output in the second six months. Stocks of maturing whiskies laid down in earlier years to meet the then estimated requirements for sales in 1979 and 1980 had been greater than those needed to satisfy actual sales. The resultant stock surpluses accordingly reduced the levels of distillation necessary to support, in future years, the age requirements and estimated sales volumes of our brands. This lower output entailed short-time working at the distilleries, although all remained in production.

Bottling and blending production levels were under no pressure and it was necessary from time to time to operate some of our plants for less than the normal forty-hour weekly rate. The need to deal with the changes of pace in the bottling halls and to reorganise production in the malt and grain distilleries created very considerable difficulties. We were fortunate to have had the co-operation of all our workforce.

EEC

Last year I referred to the rejection by the European Court of our appeal against the EEC Commission's banning of our dual price system. I reported that the Advocate General had recommended rejection on the technical ground of failure properly to notify but had considered that a form of dual price structure was justified. A new application was therefore formally submitted to the EEC Commission in October 1980, and they still have it under consideration. Their decision is expected to be given in the near future.

One of the reasons which we advanced to the Commission in 1977 in justification of the dual price structure was the distortion of competition caused by tax discrimination against Scotch whisky. It was, however, not until February 1980 that the European Court condemned four member states (France, Italy, Denmark and Ireland) in respect of such discrimination. Moreover, although we, as a company, had no alternative but to comply with the decision of December 1977 on the very day we were informed of it by the Commission, the Governments of member states adopted a quite different timetable in regard to the discontinuance of the unlawful tax discrimination. In France, for instance, a tariff structure adopted in February 1981 foresaw the discrimination between Scotch whisky and wine-based spirits continuing at least until February 1982.

In contrast, the EEC Commission rejected our request in 1977 for any transitional period in which to plan modifications to the dual-pricing structure. We were forced to protect the export trade of a number of our brands (including the world's largest-selling brand, Johnnie Walker Red Label) by withdrawing them from, or pricing them out of, their home market. Whilst recognising the difficulties which the abolition of tax discrimination in France may create for the local spirit producers, we believe that these difficulties are unlikely to be as great as those caused for us by the 1977 decision. Nor do we understand why, during the period since 1st January 1978, our distributors should have been forced to pay discriminatory taxes, subsequently ruled unlawful by the Commission, whilst at the same time we had been unable to adjust our commercial policy to such taxes by operating a dual price structure.

I again drew attention last year to the damage being done by parallel exports of our brands to markets outside the EEC. The reason for the concern which I then expressed has continued despite vigorous action taken within the UK, since other sources in the EEC for such exports were being tapped by the parallel traders. The Company continued to seek some lasting preventive against serious injury to a valuable British, and Community, export. It must be hoped that on an issue so important for the industry, as well as for the Company, we can look to HM Government for wholehearted support.

We have had no information from HM Customs & Excise on shipments of Scotch whisky to Continental EEC markets subsequent to January 1981 but for the ten-month period our performance was marginally better than the industry decrease of 16%.

Johnnie Walker Red Label continued to maintain its strong position and Haig Dimple progressed rapidly in several markets, in particular West Germany (where it is one of the largest-selling brands) and France.

Home sales

The absence of statistics from HM Customs & Excise since December makes it difficult to comment on the development of industry sales and our comparative performance over the whole year. For the nine-month period the industry declined by 13% but there could have been some recovery between January and the end of March, due to buying in advance of price and duty increases.

SUMMARY OF RESULTS

for year ended 31st March	1981 £ million	1980 £ million
Turnover	1,041.3	1,010.1
Group profit before tax	181.0	193.9
Profit after tax & minority interests	125.0	144.7
Extraordinary items	(1.7)	3.6
Surplus for the year	123.3	148.3
Dividends	39.0	39.0
Earnings per share	34.42p	39.84p
Dividends per share	10.75p	10.75p

Our brands performed reasonably well under the circumstances. We made progress in strengthening the position and prestige of Haig, and White Horse continued to maintain a major presence. The higher-priced standards, Dewar's and The Buchanan Blend, showed encouraging resilience in view of the market conditions. The Claymore continued to sell strongly and further improved its share in the off-licence sector.

The Chancellor again imposed a savage increase in duty on spirits, which is likely to encourage the consumer to purchase on price rather than quality. This is particularly disappointing in view of his failure to make any concession on a period of credit for the payment of duty as is allowed on certain other alcoholic beverages.

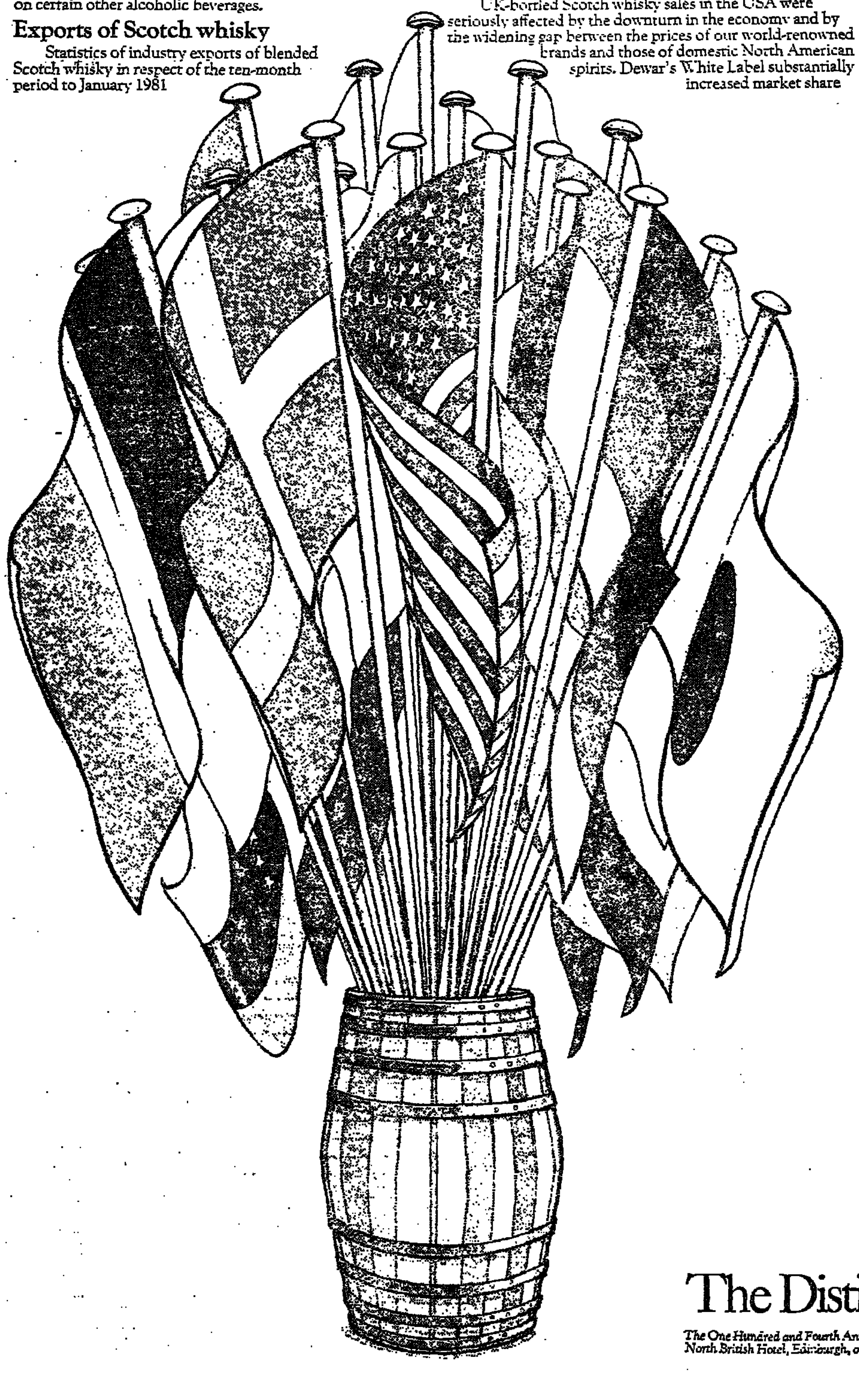
Exports of Scotch whisky

Statistics of industry exports of blended Scotch whisky in respect of the ten-month period to January 1981 showed a decrease of 12.8%. Group shipments decreased slightly less than those of the industry.

In the ten months exports of bulk malt whisky, which had advanced by 21% last year, decreased by 17%, but were still at a high level. We remain strongly of the opinion that this trade is detrimental to the long-term interests of the Scotch whisky industry, and we do not participate in it.

During the last two months of the financial year our export business was brisk as distributors took advantage of a buy-in period following the announcement of price increases. As a consequence, our shipments for the financial year, although below those of last year, were better than expected and profitability was maintained.

UK-bottled Scotch whisky sales in the USA were seriously affected by the downturn in the economy and by the widening gap between the prices of our world-renowned brands and those of domestic North American spirits. Dewar's White Label substantially increased market share in its segment of the trade and significantly improved its distribution and sales in a number of important States. Walker's Red and Black Label brands held their own. In the category covered by brands bottled in the USA, Usher's Green Stripe did particularly well and VAT 69 Gold performed creditably. There is every indication that we improved our US market share during a disappointing year.



In other markets our top-selling Johnnie Walker brands had another successful year and in general our leading brands traded reasonably well in a harsh economic environment. Our biggest disappointment has undoubtedly been the Japanese market which was thoroughly disrupted by parallel imports, and the Japanese authorities' encouragement of this trade is to be deplored. Our distributors in Japan saw their well laid marketing plans being constantly frustrated and the instability of retail prices, particularly during the two important gift-giving seasons, had a severely inhibiting effect on potential purchasers.

In the non-EEC European markets, we had a most encouraging year in Spain. The African continent proved buoyant and White Horse continued as a leading brand. Our business in Central America was affected by political instability, but we achieved gains in a number of South American countries where our de luxe brands remained strongly in demand. However, in Venezuela we suffered a marginal drop in sales although we maintained our share of the market in which Old Parr and Buchanan's brands continued to dominate the field.

Gin

Commissioning of the distillation complex at Wandsworth was completed and Group requirements for rectified grain spirit can now be supplied from a sophisticated plant which produces spirit of extremely high quality.

It has become evident that the increasing sales of Gordon's Gin, particularly in export markets, would make it necessary to provide additional bottling capacity. There is a lack of space for expansion and for the installation of modern high-speed bottling lines at the existing premises. Consequently, the Board authorised expenditure of £42 million for a new bottling complex, at Basildon, Essex. The project should be completed by the end of 1983.

In the home trade the March 1980 increase in excise duty inhibited demand during the early part of the year but strong recovery was achieved by Gordon's in the second half. Although sales were lower, the brand leader performed better in the nine months to December than the gin category as a whole.

It was always probable that the dramatic growth in export sales achieved by Gordon's in 1979/80 could not be repeated. It was, however, encouraging that Gordon's was able to record a modest increase over last year's figures thereby setting a new record. Sales of Gordon's in the US, where it is domestically produced, continued at previous high levels but economic recession had a retarding effect on Tanqueray's growth. However, confidence in Tanqueray's potential remains undiminished. Booth's continued to provide a strategically useful second force in many markets and increased its sales by more than 10%.

With the exception of West Africa, gin markets remained somewhat depressed. The performance of Group brands was therefore particularly pleasing.

Food group

Despite falling demand and intense competition, the Yeast and Food Division managed to retain overall sales to the UK catering and baking industries. Additional business in frozen foods made a considerable contribution. Labour and distribution costs, however, increased at a greater rate than selling prices with the result that net margins were squeezed and profits reduced. The Division is soundly based with a wide range of products and national distribution, and should be able to move ahead again when trading conditions improve.

Carbon dioxide

Carbon dioxide sales were somewhat depressed and some sectors of the engineering business also showed a downturn in volume. However, sales of major items of plant and equipment showed a useful gain and productivity improvements were made, as a result of which total profits were maintained.

United Glass

Our associated company had a difficult and disappointing year. Sales of glass containers, closures, and plastic products fell sharply as customers reduced stocks and a stronger pound diminished overseas demand.

The reduction in sales, and correspondingly in manufacturing volume, was the principal cause of a severe decline in trading profit which fell from £12.5 million to £4.2 million. The reduced trading profit was not high enough to meet the exceptional costs of closing manufacturing facilities and higher interest charges. The final result was a loss of £5.0 million.

Personnel

The year was largely free of industrial disputes. Moreover, in those areas in which some retrenchment was unfortunately necessary, we had understanding and co-operation from all concerned.

The sincere thanks of the Board is extended to employees at all levels for their contribution to the year's results in difficult trading conditions.

Future prospects

Buoyant sales of Scotch whisky and gin during the final quarter of 1980/81 inflated stock levels in most world markets and led to a correspondingly depressed volume of shipments in the first quarter of this financial year. Currently there is no sign of rapid recovery in the totals of orders being received and little indication of any abatement in the recessionary influences of high interest rates and diminished consumer spending power. It would accordingly be unrealistic to forecast, at this time, a sales volume increase in a year which gives evidence of being one of continuing difficulty in the very competitive situation currently prevailing.

The recent fall in the value of sterling relative to other major world currencies must, so long as it persists, be of some benefit to our distributors in their sales endeavours, and increased sterling income will result from that portion of our sales to the US which is invoiced in dollars. It seems therefore that we may achieve some modest improvement in the results for the year.

The Distillers Company Limited

The One Hundred and Fourth Annual General Meeting of The Distillers Company Limited will be held at the North British Hotel, Edinburgh, on Thursday, the 17th day of September, 1981, at 12.15 p.m.

● NEWS ANALYSIS—DAWN RAID ON DUCTILE STEEL

Capro takes a bet on long term prospects

BY RAY MAUGHAN

Caparo Group threw a large stone into the quiet pool of the West Midlands steel stockholding and re-rolling industry yesterday. With no warning, it sent brokers Grenfell and Colegrave into the market early in the morning with instructions to buy up to 1.6m shares of the loss-making Ductile Steels at a price of 78p per share.

With its recently acquired stake of 310,000 shares, Caparo had hoped to acquire the maximum *14.9 per cent holding permitted under the guidelines laid* down for such "dawn raids." As it was, the broker was only able to find 1.415m shares which gives Caparo an aggregate holding of 13.26 per cent.

Mr Edwin Tiltman, the finance director of Ductile, said: "We had a good idea" that Caparo had been buying Ductile shares in the last few weeks and, although the raid itself came as *something of surprise*, "we were aware that Caparo has taken holdings in a number of companies." Caparo, for example, holds a 6.21 per cent stake in another steel group, Arthur Lee and Sons, and recently beat off a determined bid from Hanson Trust to buy Central Manufacturing and Trading (CMT) for £14.5m.

CMT, in addition to Caparo's existing interests in Natural Gas Tubes, has much in common with Ductile's product range. CMT has stockholding operations and is a general steel-reroller *although it lacks Ductile's exposure* in flat rolled products, coil and strip.

It makes steel tube fittings and sockets while Caparo manufactures welded steel tubes, although at a greater diameter than Ductile's coated tubes and gas, steam and water pipe fittings.

The Ductile price climbed 22p yesterday to 81p, where the group has a market capitalisation of £10.5m. Hot tangible assets *were shown at 240p in the 1980* balance sheet. Mr James Leek, Caparo's finance director, made it clear, however, that Ductile's major new shareholder is not contemplating a bid.

Speaking from CMT's offices in Birmingham, he said that Caparo is "taking a view on whether Ductile will come right in the long term. We wanted to get a reasonable stake but the market was too thin at the prevailing price of about 60p.

"We're not that optimistic in the short term and we are cautious about the benefits of steel price increases. But we are taking a bet that we've got it right."

He felt that by taking on a complementary product profile, Caparo was broadening its steel base rather than duplicating its risk and declared that "we want a decent *holding when we feel* something is due for a re-rating.

"Unfortunately there are not that many candidates left."

Ductile lost money *for the first* time in over 40 years in the first six months of the year to June, with a pre-tax deficit of £1.49m against a profit of £2.37m a year earlier. It said the problems were a fall in domestic orders, the rise in sterling which slashed export margins and opened the door to increased import competition, and the burden imposed by the Government's energy pricing policies.

Its reaction was to close, in two stages, both the Planetary re-rolling mills on the Willenhall site, completed in the mid 1950s and in 1965 respectively. Closure costs and the bill for laying-off the 280 people on the Planetary facility, coupled with the continued recessionary squeeze, have directed many stockbroking analysts to look for annual losses of about £2.5m in 1980-81.

But cost reduction and the hopes for higher steel prices in the autumn have brought forecasts of a profit this year in *excess of £1m pre-tax*.

Depending on how the UK automotive industry, taking about 40 per cent of Ductile's output indirectly reacts thereafter, the City is tentatively projecting as much as £3m pre-tax in the following year.

Its position as a steel re-roller —buying billets from British Steel Corporation and from overseas manufacturers—allows Ductile to turn the tap off very much *faster* than the major primary steel producers and it requires substantially lower fixed asset investment.

It is coming through the storm in relatively liquid shape and net cash balances of £3m in the last balance sheet have probably been sufficient to absorb the rationalisation bill of the latest 12 months without taking on any short term debt.

A healthy balance sheet enables Ductile to go out and look for investments of its own. Mr Tiltman says that the group is looking for acquisitions "in *alternative fields" but nothing* definite has been identified as yet.

Letraset again spurns MAI offer

Letraset yesterday sent out its second letter to shareholders *rejecting* the £45m takeover bid from Mills and Allen International following acceptances of less than 1 per cent after the first closing date of the offer a week ago.

Mr Bill Fieldhouse, the Letraset chairman, says that the response from shareholders "confirms your board's view that the offer is opportunistic, totally inadequate and unwelcome." He says "it is therefore all the more surprising that MAI is persisting with this derisory offer."

After the first closing date the offer was extended for a fortnight. MAI is offering one MAI share for every five Letraset, plus a fraction of a short-term preference share worth 17p.

At yesterday's closing price of MAI of 478p, up 3p, the bid was worth 112.6p per Letraset share. However, the Letraset share price closed 2p higher at 120p—significantly higher than the bid price as it has been since the bid was made.

MAI owns 9.9 per cent of Letraset bought during a raid on the shares in early July and Hambros Bank, which acquired a further 5 per cent of the shares in its own right the same day, has accepted MAI's offer. With 0.9 per cent acceptances from other shareholders MAI has claim on a total of 15.8 per cent of the Letraset equity.

The chairman confirms that the group results will be announced in a week's time on August 28.

He says the board is "most appreciative of such overwhelming shareholder support but fully recognises that sufficient information concerning your company's affairs must be given so as to enable shareholders to form proper judgment of Letraset's position and future potential."

Mr Fieldhouse believes that as events unfold the board will be able to demonstrate why MAI's offer "absurdly undervalues Letraset's business."

The chairman says that as he has previously indicated, the results for the year ended April 30, 1981 will be disappointing due largely to the problems encountered by Stanley Gibbons. *As a gesture of confidence* the group has already forecast maintained dividend of 7.14p for 1980-81.

Mr Fieldhouse questions MAI's future potential for earnings and dividend growth on its own. "We believe MAI's own business has peaked and therefore they desperately need Letraset's growth potential."

He also refers to MAI's "weak assets base." He says that at June 30, 1981 net tangible assets attributable to ordinary shareholders "are unlikely to be more than £12m." This compares with a market capitalisation of some £59m — "the market value of MAI shares therefore relies heavily on continued profit growth which we believe is unlikely to continue."

Mr *Fieldhouse says*, "*Letraset shareholders would suffer a* substantial erosion of net tangible assets backing for their invest*ment if they accepted MAI's* offer."

West Coast and Texas Regional Investment Trust — Colonial Mutual Life Assurance Society and its subsidiary Colonial Mutual Life (Pension Annuities) have increased their holding of ordinary shares from 677,500 to 732,500 (24.4 per cent).

Share stakes

CYT Corporation, a wholly-owned subsidiary of Tyco has increased its holding in **V. Muirhead** to 2,131,500 ordinary shares (25.13 per cent).

Merchant Navy Officers' pension fund trustees have sold 275,000 shares (2.75 per cent) of **IEN Oil Trust** and now holds 500,000 shares (5 per cent).

Arthur Lee and Sons—Caparo Group and its subsidiaries have purchased recently blocks of 50,000 and 70,000 ordinary shares, bringing total holding to 2,044,000 shares (6.59 per cent).

G. M. Firth (Metals)—Bankers Trust Holdings (UK) has sold entire holding of 135,788 ordinary shares (5 per cent): Bankers Trust International has purchased 135,788 ordinary. The date of the transactions was August 13 and in both the registered owner is Rodo Nominees.

Yorkshire Bank in credit card expansion

YORKSHIRE BANK is expanding into the in-store credit card market by buying a 60 per cent stake in a small Hull-based finance group, largely owned by the Wilbraham family, from the East Riding.

Three companies, North British Credit, North British Motor Finance and North British Leasing, are being put together under a new company to be known at **North British Finance Group**. The companies had a turnover of about £20m last year and have about £10m of outstanding loans.

The acquisition will increase the size of Yorkshire Bank's finance house activities by about a *fifth*.

Yorkshire Bank would not disclose the purchase price, but said it was buying the group at *net asset* value and would be providing about £10m of funds.

Mr Clive Wilkinson, chief executive of Yorkshire Bank Finance, said yesterday that the deal will take the bank into two areas it has not been in before—small unit leasing and in-store credit cards.

North British Credit operates in-store budget credit cards and hire purchase facilities through Comet, MFI and Argos stores.

Mr *Tony Wilbraham* will continue as chairman with Mr Jim Ryan as group managing director. The three companies will operate separately. Three Yorkshire Bank executives, Mr Eric Robinson, assistant general manager (administration), Mr Trevor Brown, group chief accountant, and Mr Clive Wilkinson will sit on the boards of the respective companies.

ISODAN (UK) MOVES INTO SECURITY

Isodan (UK), the cavity wall insulation company, is moving into the security business. It has acquired **Duratreat Security**, a company operating in home and industrial security installations.

The company will supply and instal security systems under the name "Isolarms."

Duratreat Security will be under the direction of Mr Michael Kerstein who has been in the security business for a number of years. The company is based at 27, James Street, London, W.

Isodan operates throughout Britain and brought the first dry system of cavity wall insulation to this country. In September *last year* Isodan acquired another insulation company, GC Insulation, as part of an overall expansion programme.

Noble and Lund in the red

THE chairman of **Noble & Lund**, the Gateshead engineer and machine tool maker, says that the loss for the half year to June 30, 1981 was due to low demand for products and services.

The company incurred a pre-tax loss of £54,163 compared with a profit of £83,732 in the same six months last year. Turnover fell from £1.28m to £0.82m.

However, the chairman adds that no significant deterioration *in the second half is anticipated* and there should be no difficulty in financing an upturn in trade.

The interim dividend is omitted —a total of 0.42p was paid last year with an interim of 0.175p. There is a loss per 10p share of 0.95p (1.47p earnings).

There were tax credits of £12,735 compared with adjusted credits last time of £19,981.

IN BRIEF

RADIANT METAL FINISHING—Results for year to February 28, 1981 reported on July 9. Investments, £112,346 (£183,552); fixed assets, £288,220 (£251,316); current assets, £668,493 (£590,845), including debtors and prepayments, £86,958 (£124,550) and cash and short-term deposits, £468,525 (£371,575). *Shareholders'* funds, £784,579 (£731,888). Decrease in working capital, £36,590 (£12,044). Chairman says that it is hard to see, at this time, a return to record turnover and profits that company has come to expect, until more buoyant market conditions return. Meeting, 69, Fairfield Road, Bow, E, September 11, at 10.30 am.

MITCHELL SOMERS (engineering and forging group)—Results for year ending March 28, 1981 reported on July 10. Fixed assets, £9.31m (£7.78m); current assets, £14.98m (£14.48m), including debtors, £8.52m (£7.98m); net current assets, £6.47m (£5.26m). Shareholders' funds, £14.49m (£13.14m). Historical pre-tax profits of £488,000 (£2.21m) reduced to £108,000 on a CCA basis. During the year, *group's properties were revalued* with a surplus of £1.22m over book values. Grovewood Securities has a 20 per cent interest in the group, and the Throgmorton Trust 8.3 per cent. Meeting, *Painters' Hall, Little Trinity Lane, EC*, September 17, at noon.

WILLOUGHBY'S CONSOLIDATED COMPANY (rancher and landowner—subsidiary of Lonrho)—for six months to March 31, 1981: *no interim dividend;* loss before tax £100,091 (loss £14 070) including profit from associate £101,045 (£48,663); tax on associate £29,984 (£15,498); minority interest of associate £13,328 (£5,579); *attributable loss* before extraordinary items £153,403 (loss £35,147). Directors say because of seasonal nature of cattle sales figures not indicative of year's results.

SPAIN

August 20	Price %	+ or −
Banco Bilbao	366	+3
Banco Central	391	+4
Banco Exterior	432	
Banco Hispano	335	
Banco Ind. Cat.	121	
Banco Santander	408	+5
Banco Urquijo	226	
Banco Vizcaya	386	+3
Banco Zaragoza	245	+3
Dragados	218	+4
Espanola Zinc	80	+1
Fecsa	72.5	
Gal Preciados	56	+1
Hidrola	83.5	+0.8
Iberduero	58	+0.8
Petroleos	127	−2
Petroliber	85	
Sogefisa	54	
Telefonica	85.7	+3.7
Union Elec	75.2	−2.3

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Corah, William Jacks, Kennedy Brooks, Parambe, Readicut International.

FUTURE DATES

Interims—

Bilton (Percy)	Oct 1
Fisons	Sept 21
Huntleigh	Sept 9
Lead Industries	Sept 10
Magnolia (Mouldings)	Sept 10
Marchwiel	Sept 2
Scottish Agricultural Industs.	Aug 27

BANK RETURN

	Wednesday Aug. 19 1981	Increase (+) or Decrease (−) for Week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	33,384,857	− 207,701
Bankers Deposits	556,641,637	+ 47,218,558
Reserve & other Accounts	1,558,888,127	− 46,058,069
	2,163,467,621	+ 952,868
Assets		
Government Securities	527,157,985	− 194,849,117
Advances & other Accounts	1,005,308,452	− 16,575,882
Premises Equipment & other Secs.	681,986,450	+ 178,891,718
Notes	11,756,145	− 9,310,396
Coin	258,589	− 4,455
	2,163,467,621	+ 952,868
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,675,000,000	+ 50,000,000
In Circulation	10,663,243,885	− 40,689,604
In Banking Department	11,756,145	− 9,310,396
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,098,630,055	− 596,901,034
Other Securities	2,566,345,945	+ 546,901,034
	10,675,000,000	− 50,000,000

LONDON TRADED OPTIONS

August 20, Total Contracts 1615. Calls 1302. Puts 313.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	300	54	7	46	—	56	—	332p
BP (c)	330	18	—	33	1	—	—	"
BP (c)	350	6	4	17	25	—	—	"
BP (c)	410	2	—	4	25	—	—	"
BP (p)	330	—	—	—	—	32	35	"
BP (p)	350	30	1	32	25	—	—	"
BP (p)	360	—	—	—	—	48	75	"
CU (c)	180	9	3	14	10	17	10	165p
CU (c)	200	3	—	7	6	9	—	"
Cons. Gld (c)	500	50	3	70	1	80	—	525p
Cons. Gld (c)	550	20	5	40	2	52	1	"
Court'lds (c)	60	7	—	12½	—	14½	3	64p
GEC (c)	750	64	—	92	2	130	—	787p
GEC (c)	800	28	7	58	—	87	—	"
Gr'd Met. (c)	180	27	60	39	—	—	—	206p
Gr'd Met. (c)	200	11	197	23	18	30	—	"
Gr'd Met. (c)	220	4	117	12	117	15	21	"
Gr'd Met. (p)	200	11	13	14	—	17	—	"
Gr'd Met. (p)	220	21	45	24	74	27	—	"
ICI (c)	260	15	3	28	—	35	—	282p
ICI (c)	300	5	11	16	—	22	—	"
ICI (c)	330	1½	—	7	6	—	—	"
ICI (p)	280	13	10	17	—	24	—	"
Land Sec. (c)	312	33	—	43	2		—	338p
Land Sec. (c)	336	17	2	27	—	—	—	"
Mks & Sp (c)	130	13	1	17	—	22	—	135p
Mks & Sp (c)	140	5	38	9	9	17	5	"
Shell (c)	360	54	15	64	—	74	—	408p
Shell (c)	390	28	79	42	52	52	—	"
Shell (c)	420	15	65	24	3	35	—	"
Shell (p)	390	12	3	16	—	20	—	"
		August		**November**		**February**		
Barclays (c)	460	7	1	27	—	45	—	465p
Barclays (c)	500	—	—	13	—	25	5	"
Imperial (c)	60	3½	50	5	2	8	12	63p
Lasmo (c)	500	120	—	144	1	170	—	620p
Lasmo (c)	550	78	5	102	5	127	—	"
Lasmo (c)	600	25	21	67	2	94	—	"
Lasmo (c)	650	4	—	35	2	57	—	"
Lonrho (c)	100	½	5	2	30	4½	—	89p
Lonrho (p)	90	1	—	7	—	8	10	"
Lonrho (p)	100	11	—	16	13	17	—	"
P & O (c)	120	2	1	8	22	12½	—	119p
P & O (c)	130	½	—	3½	—	7½	4	"
Racal (c)	420	58	—	73	—	90	1	470p
Racal (c)	460	12	1	40	—	60	—	"
Racal (p)	420	½	—	8	—	17	1	"
Racal (p)	460	6	1	22	6	28	1	"
RTZ (c)	460	130	28	138	—	190	—	594p
RTZ (c)	500	90	3	108	—	154	34	"
RTZ (c)	550	40	23	75	6	115	1	"
RTZ (c)	600	10	58	45	16	89	—	"
RTZ (c)	650	—	—	38	19	47	7	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	3	33	—	—	1	65	$430
GOLD C	$425	5	6	53	31	—	—	"
GOLD C	$450	10	1	14	21	—	—	"
GOLD C	$475	1	0.30 A	27	11	—	—	"
GOLD C	$500	—	—	10	10	—	—	"
GOLD C	$525	—	—	8	5	—	—	"
GOLD P	$400	—	—	8	10 B	—	—	"
GOLD P	$425	5	2.50	19	15.50	—	—	"
GOLD P	$450	—	—	—	—	1	32	"
		Oct.		**Jan.**		**April**		
ABN C	F.280	5	22.50	—	—	—	—	F.294
ABN C	F.300	30	10	—	—	—	—	"
ABN C	F.320	15	3.20	—	—	—	—	"
AKZO C	F.20	151	6.60	—	—	—	—	F.26.50
AKZO C	F.22.50	15	4.60	—	—	—	—	"
AKZO C	F.25	58	2.20	75	3.70	—	—	"
AKZO C	F.27.50	100	1.10	169	2.40	5	3.20	"
AKZO P	F.25	16	0.80	15	1.20	—	—	"
AMRO C	F.55	—	—	13	3.28	—	—	F.52.30
HEIN C	F.45	5	3.30	—	—	10	6	F.45
HEIN C	F.50	10	1.60	—	—	—	—	"
HEIN C	F.60	7	0.10	—	—	—	—	"
HOOG C	F.20	5	0.88	—	—	—	—	F.18.30
KLM C	F.90	6	22.50	—	—	—	—	F.108
KLM C	F.110	24	9.20	—	—	—	—	"
KLM C	F.120	10	6.10	10	11.50	—	—	"
KLM C	F.150	15	1	—	—	—	—	"
KLM P	F.90	—	—	10	4.50	—	—	"
KLM P	F.100	18	5	—	—	—	—	"
NEDL C	F.130	8	34	19	35	—	—	F.162
NEDL C	F.140	36	25.30	11	28	—	—	"
NEDL C	F.150	56	18	13	20	—	—	"
NEDL C	F.160	76	12	10	16	—	—	"
NEDL P	F.140	51	1	—	—	—	—	"
NEDL P	F.150	41	2	—	—	—	—	"
NEDL P	F.160	19	6	—	—	—	—	"
NATN C	F.120	25	3.30	—	—	—	—	F.115.60
PHIL C	F.22.50	228	2.70	63	3.70	25	5	F.23.80
PHIL C	F.25	398	1.40	49	2.40	115	3.30	"
PHIL C	F.27.50	468	0.60	57	1.40	—	—	"
PHIL P	F.22.50	10	0.50	—	—	—	—	"
RD C	F.80	13	18	—	—	—	—	F.96
RD C	F.90	57	9.30	13	10	—	—	"
RD C	F.100	113	3.10	85	5.40	15	7	"
RD C	F.110	280	1	—	—	—	—	"
RD P	F.80	55	0.80	—	—	—	—	"
RD P	F.90	137	2.90	20	4.30	—	—	"
RD P	F.100	20	7	—	—	—	—	"
UNIL C	F.150	6	13.20	—	—	—	—	F.160.50
UNIL C	F.150	81	6	7	7.60	—	—	"
UNIL C	F.170	—	—	10	3	10	5.50	"
UNIL P	F.150	7	1.40	—	—	—	—	"
UNIL P	F.160	36	4	—	—	—	—	"
		Aug.		**Nov.**		**Feb.**		
BASF C	DM.140	—	—	166	16	164	19	DM147.80
SLUM C	$70	—	—	10	5½	—	—	$68⅛
SLY C	$60	10	8	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 4214

A=Asked B=Bid C=Call P=Put

Royal Dutch/Shell Group of Companies

Results for First Half 1981

An interim report by Royal Dutch Petroleum Company and The "Shell" Transport and Trading Company, Limited on the results of the Royal Dutch/Shell Group of Companies, in which their interests are 60% and 40% respectively.

Net income for the Royal Dutch/Shell Group of Companies for the second quarter of 1981 was £164 million compared with £680 million for the second quarter last year. Net income for the first half of the year was £496 million against £1,398 million for the first half of last year. Comparison with the figures for the corresponding periods last year is facilitated if the effects of the First-in First-out (FIFO) method of inventory valuation used by most Shell companies and of FAS 8 currency translation and conversion are excluded. As already indicated in our statement issued in July, reported earnings in this quarter have been distorted to an exceptional degree by the application of FAS 8, although the actual effect was less than had been anticipated. This is starkly illustrated by Shell Oil Company of the United States reporting total earnings for the second quarter 1981 of $410 million which, upon translation into sterling on a FAS 8 basis, became a net loss of £195 million (a loss of £136 million after deduction of minority interests).

Having adjusted for these factors, second quarter net income was at the same level as in the first quarter 1981, but was some 43% below the level of the second quarter last year.

Shell Oil's improved dollar earnings from its oil and gas production operations and stable oil products earnings were largely offset by a fall in chemicals earnings and higher interest charges. Shell Canada's dollar results declined, reflecting lower earnings from oil and gas operations.

Outside North America, earnings from oil and gas production operations were higher than in the corresponding period last year, reflecting the higher prices of crude oil and natural gas. Products markets, however, continued to suffer from higher oil acquisition costs, stemming from both the OPEC crude oil price increases during the past year and the significant strengthening of the US dollar against all major currencies. These were not fully recovered in a number of important local markets owing to the recession, the looser oil market and the competitive disadvantage in crude oil costs when compared with supplies of Saudi Arabian crude oil. Against this background, significant losses continued to be recorded by the manufacturing, marine and marketing sectors when taking account of the estimated current cost of supplies. In chemicals, losses continued to be made, principally on European operations.

Capital expenditure at £1,604 million for the first half of the year was some 21% above the corresponding period last year. The increase in the first half of the year in inventories and receivables net of payables amounted to £1,251 million. Short-term borrowings increased by £315 million; long-term borrowings increased – mainly in Shell Oil – by £1,117 million (of which £727 million was currency translation effect) and as a result the long-term debt ratio rose to 27%.

In the absence of a revival of world-wide economic activity the demand for oil products seems unlikely to increase in the near future, and the continued strengthening of the dollar poses problems for the industry. On the other hand, competition in crude oil markets is beginning to have an impact upon the price differentials between different crudes. The outcome of the OPEC discussions in Geneva is critical in this regard. In Europe, there are clear signs in the chemicals business that the decline in sales volumes has been arrested, but the timing of any upturn continues to be uncertain.

	SECOND QUARTER		FIRST HALF	
	1981	1980	1981	1980
	£ million			
Net income for the period, as reported	164	680	496	1,398
deduct:				
After-tax effect of adjusting cost of inventories sold, from FIFO to estimated current cost of supplies*	235	150	520	470
Net currency translation and conversion gains/(losses) on inventories sold and on monetary items	(322)	90	(531)	20
	251	440	507	908

** With effect from the second quarter 1981, a different method of allocating tax has been implemented which gives tax credits to loss-making segments instead of allocating such credits pro rata over profitable segments. Accordingly, the comparative segment earnings have been restated for consistency. This change in principle has been extended to the calculation of the after-tax FIFO effect.*

August 20, 1981

Earnings from operations by industry segment*

Oil and natural gas

Excluding Shell Oil and Shell Canada, earnings in the second quarter 1981 from exploration and production activities were 26% above the level achieved in the corresponding quarter last year. Earnings from oil production operations benefited from crude oil price increases compared with the previous year and the strength of the US dollar. In most areas, however, taxation charges also increased and the volume of equity crude produced (678,000 barrels daily) was below the level of the corresponding quarter last year (790,000 barrels daily). Natural gas volumes were slightly below the volumes of the second quarter of 1980; in general, however, prices were higher.

Shell Oil's exploration and production earnings increased by 23% in dollar terms, reflecting the continued benefit from higher prices for crude oil, natural gas and natural gas liquids. Much of this benefit was offset by the windfall profit tax. Shell Canada's earnings in this sector declined substantially from the corresponding period last year due to additional taxes and reductions in oil and gas volumes.

Excluding Shell Oil and Shell Canada, earnings from manufacturing, marine and marketing activities declined to £131 million in the second quarter 1981 from £243 million in the corresponding period last year. After deducting the after-tax effect of the adjustment from FIFO to estimated current cost of supplies, there was a loss of £86 million compared with a profit of £93 million in the second quarter last year. Due to the recession, energy conservation and substitution, oil products markets remained under pressure and oil products sales volumes declined by 7% over the corresponding period last year. The lower sales volumes, together with the crude oil price increases imposed by OPEC governments during the past year and the continued strengthening of the dollar, gave rise to substantially higher unit costs. Price increases achieved in many important local markets were not sufficient to offset these cost increases.

Shell Oil's manufacturing and marketing earnings improved marginally in dollar terms compared with the second quarter last year. Due to the recession and competitive conditions, selling prices could not be increased sufficiently to offset the sharp increases in raw material costs, which occurred mainly during the first quarter 1981. In the case of Shell Canada, earnings were adversely affected by reduced products margins and lower sales volumes.

Chemicals

Excluding Shell Oil and Shell Canada, chemicals showed a loss of £22 million in the second quarter 1981 (£33 million after deducting the after-tax effect of the adjustment from FIFO to estimated current cost of supplies) compared with a loss of £1 million in the second quarter last year. Although increases in selling prices were obtained, these were insufficient to offset the increases in unit costs brought about by lower sales volumes and higher feedstock costs, mainly due to the strengthening of the dollar.

Shell Oil's chemicals earnings in dollar terms were 72% below the level of the corresponding quarter last year owing to higher feedstock costs and other costs which exceeded the increase in selling prices. Shell Canada's earnings improved somewhat in dollar terms as a result of a 6% increase in sales volumes and margin improvements.

Other industry segments

The international coal business reported a positive result for the second consecutive quarter. The metals segment, however, reported losses due to a deterioration of world-wide market conditions which affected most metals, while exploration and pre-operational expenses continued at a high level.

	SECOND QUARTER		FIRST HALF	
	1981	1980	1981	1980
	£ million			
Oil and natural gas				
Exploration and production:				
Excluding Shell Oil and Shell Canada	264	210	539	495
Shell Oil and Shell Canada	185	136	353	283
Manufacturing, marine and marketing:				
Excluding Shell Oil and Shell Canada	131	243	253	613
Shell Oil and Shell Canada	70	51	94	98
Oil and natural gas earnings	650	640	1,339	1,489
Chemicals				
Excluding Shell Oil and Shell Canada	(22)	(1)	(31)	28
Shell Oil and Shell Canada	6	22	11	30
Other industry segments	(24)	–	(32)	3
Earnings from operations†	610	661	1,287	1,550
Corporate items	(52)	(9)	(133)	(51)
Minority interests and net currency translation effects on inventories sold and on monetary items	(394)	28	(658)	(101)
Net income for the period	164	680	496	1,398

† If allowance were made for the after-tax effects of adjusting cost of inventories sold from FIFO to estimated current cost of supplies, these earnings would be reduced by the following amounts:

	SECOND QUARTER 1981	SECOND QUARTER 1980	FIRST HALF 1981	FIRST HALF 1980
Oil and natural gas (manufacturing, marine and marketing)	224	150	497	450
Chemicals	11	–	23	20

** See above note regarding the tax allocation.*

Statement of Income

	SECOND QUARTER		FIRST HALF	
	1981	1980	1981	1980
	£ million			
Revenues				
Sales proceeds and other operating revenues	11,144	10,048	21,655	20,248
less Sales taxes, excise duties and similar levies	1,708	1,815	3,287	3,521
	9,436	8,233	18,368	16,727
Share of earnings of associated companies	23	172	204	404
Interest and other income	108	85	197	181
	9,567	8,490	18,769	17,312
Costs and expenses				
Purchases and operating expenses	6,640	5,826	13,022	11,957
Selling, general and administrative expenses	1,209	438	2,022	1,022
Exploration	145	112	284	205
Research and development	58	53	123	93
Depreciation, depletion and amortization	309	263	623	527
Interest expense	153	90	277	214
Taxation	934	906	1,959	1,731
Income (loss) applicable to minority interests	(45)	122	(37)	160
	9,403	7,810	18,273	15,914
Net income for the period	164	680	496	1,398

Accounting policies for first half 1981 are unchanged from those set out in the Royal Dutch and Shell Transport 1980 Annual Reports (pages 30 and 31).

* Parent company share therein:	per Ordinary Share			
Royal Dutch ... N.fl.	1·96	7·08	5·98	14·31
US dollar equivalents ... $	0·75	2·67	2·26	5·40
(based on 268,037,044 shares of N.fl.10 outstanding at June 30, 1981)				
Shell Transport ... pence	5·75	23·78	17·33	48·85
(based on 1,104,834,414 shares of 25p outstanding at June 30, 1981)				
New York Share equivalents ... $	0·45	1·85	1·35	3·81
(one New York Share = four 25p Shares)				

** For illustrative purposes, to establish the division of income between Royal Dutch and Shell Transport, the percentage of net income applicable to the parent companies for the year 1980 has been used: Royal Dutch 61·4%; Shell Transport 38·6% (see 1980 Annual Reports, page 35 – Notes 2 and 3 to the Financial Statements of the Royal Dutch/Shell Group of Companies).*

Royal Dutch guilders are translated from the underlying sterling at average rates for the quarters in question; Royal Dutch and Shell Transport dollars are shown for convenience as translations of the respective underlying guilders or sterling at the end-June 1981 rates, which were: $1 = N.fl.2·651; £1 = $1·95.

Financial Data

	SECOND QUARTER		FIRST HALF	
	1981	1980	1981	1980
	£ million			
Changes in financial position				
Funds provided				
Income, including minority share	119	802	459	1,558
Depreciation, depletion and amortization	309	263	623	527
Other funds from operations	388	127	679	370
Funds from operations	816	1,192	1,761	2,455
* Long-term debt: new borrowings, less repayments	338	(15)	390	(62)
currency translation effects	553	(251)	727	(233)
Other funds provided – net	42	144	46	151
	1,749	1,070	2,924	2,311
Funds applied				
Capital expenditure	890	739	1,604	1,325
Investments in associated companies	143	76	197	73
Long-term receivables and deferred charges	60	9	84	13
* Current assets less current liabilities	628	225	995	864
Dividends: to parent companies	–	–	–	–
to minority interests	28	21	44	36
	1,749	1,070	2,924	2,311
Capital expenditure				
by sectors				
Oil and gas:				
Rights and concessions	75	85	159	136
Exploration and production	418	328	745	630
Manufacturing	144	84	239	144
Marine	6	10	12	26
Marketing	83	71	135	108
Total oil and gas	726	578	1,290	1,044
Chemicals	64	100	129	201
Coal	53	40	95	44
Metals	29	9	56	15
Research	13	9	23	15
Other	5	3	11	6
	890	739	1,604	1,325
by geographical areas				
Europe	293	301	513	542
Rest of Eastern Hemisphere	139	106	258	204
USA	357	283	672	475
Canada	57	28	84	62
Rest of Western Hemisphere	24	11	38	16
Marine (oil and gas, and coal)	20	10	39	26
	890	739	1,604	1,325
Other financial data				
Cash and short-term securities, June 30			2,020	1,945
* Long-term debt, June 30			5,623	4,253

** Long-term debt includes capitalized lease obligations; short-term part of each is also included and is therefore excluded from current assets less current liabilities.*

Operational Data

	SECOND QUARTER		FIRST HALF	
	1981	1980	1981	1980
	thousand barrels daily			
Crude oil supply				
Europe	218	224	225	220
Africa	316	541	347	513
Middle East	644	867	714	1,003
Far East and Australasia	121	144	123	136
USA	574	598	569	599
Canada	57	60	61	70
Rest of Western Hemisphere	43	227	42	212
Local purchases	1,340	1,219	1,281	1,183
	3,313	3,880	3,362	3,936
Crude oil processed	3,195	3,720	3,366	3,687
Oil sales				
Gasolines	1,413	1,551	1,396	1,492
Kerosines	360	397	373	414
Gas/Diesel oils	942	985	1,033	1,081
Fuel oil	854	923	902	997
Other products	392	383	385	381
Total oil products*	3,961	4,244	4,089	4,365
Crude oil	175	185	159	240
Total oil sales	4,136	4,429	4,248	4,605
* comprising:				
Europe	1,320	1,467	1,385	1,558
Rest of Eastern Hemisphere	808	857	843	888
USA	954	1,038	964	1,031
Canada	250	246	250	262
Rest of Western Hemisphere	357	371	342	369
Export sales	282	265	290	257
Natural gas sales	million cubic feet daily			
Europe	2,421	2,462	3,434	3,410
Rest of Eastern Hemisphere	523	556	536	554
USA	1,960	1,902	1,988	1,969
Canada	526	565	618	633
	5,430	5,485	6,576	6,566
Chemicals sales proceeds	£ million			
Europe	393	381	774	827
Rest of Eastern Hemisphere	86	68	159	136
USA	411	303	786	665
Canada	39	29	62	47
Rest of Western Hemisphere	35	32	65	60
	964	813	1,846	1,735

Note: The figures shown in the tables on this page represent the totals reported by consolidated companies (i.e. those in which there is a majority interest), reflecting their dealings with third parties and with associated companies (i.e. those in which the interest is 50% or less); for crude oil processed and natural gas sales, however, the figures incorporate the Group share of these associated companies.

UK COMPANY NEWS

Distillers expecting modest improvement

A MODEST improvement in results is expected by **Distillers Company** in the current year. This is despite a depressed *volume of Scotch whisky and gin* shipments in the first quarter and no sign of a rapid recovery in orders.

Shipments were down because of the buoyant sales in the final quarter of 1980-81 which inflated stock levels in most world markets. With little indication of any easing in the recessionary influences of high interest rates and diminished consumer spending power, it would be "unrealistic" to forecast a sales volume increase, says Mr J. R. Cater, the chairman in his annual report.

However, the recent fall in the value of sterling must be of *benefit to some of the group's* distributors and there will be increased sterling income from that portion of sales to the U.S. invoiced in dollars, Mr Cater adds.

As known, Distillers' taxable profit for the year to the end of March last, fell from £193.9m to £181m on sales, excluding duty, of £725.4m (£702m). On a current cost basis profit was reduced to *£87m (£115.7m). The net dividend* is held at 10.75p.

The year-end balance-sheet shows that long- and medium-term loans were little changed at £105.5m (£104.9m) but bank loans and overdrafts edged up to £14.8m (£11.1m). Cash, other liquid funds and gilts held amounted to £22.9m (£28.6m) and the market value of investments stood at £103.1m (£107.4m).

Planned capital spending at year-end was up from £33.2m to £71m of which £44.5m (£18.7m) had been authorised but not contracted.

During the year the board gave the go-ahead to a £42m bottling *complex for Tanqueray Gordon* and Co. Construction at a site in Basildon, Essex, began in December and the project should be completed by the end of 1983.

Increasing sales of Gordon's Gin, particularly in export markets, had made the provision of additional bottling capacity necessary but there was a lack of space for expansion and installation of modern high-speed bottling lines at the existing premises.

Group trading profit for the year was down at £174.7m (£183.6m) with £152.6m (£155.9m) from scotch whisky on sales, including duty, of £533.2m (£550.1m); £22.3m (£23.5m) from gin, vodka and other potable products on sales of £342.7m *(£321.2m); and £4.8m (£7.7m)* from other interest where turnover reached £165.4m (£158.8m). Unallocated expenses absorbed £5m (£3.5m).

UK exports, both direct and indirect, amounted to £406.1m (£386.7m).

The group's contribution to the Thalidomide Children's Trust was £387,000 (£3.93m) and donations to other charities totalled £118,000 (£106,000).

Sales of BP shares produced £10.3m. A new Belgian franc long-term loan for the purchase of the business of the Johnnie Walker Belgian distributor NV Breuval and Co together with two small medium-term borrowings in Australian dollars added £3.3m to resources.

Expenditure on fixed assets took £35.4m compared with £32m.

The increase in the value of group stocks was £71.3m (£86.4m). Stocks of whisky changed little in volume but increased in value much in line with inflation. In the gin sector cased stocks upon which duty had been paid prior to the *Budget were considerably higher* than at March 31, 1980. However, the main factor which curtailed the total increase in value of stocks was a reduction in the quantities of grain required to meet the reduced distilling programme. The increase in debtors of £20.7m was in percentage terms slightly lower than the level of inflation.

Buying-in ahead of duty increases depressed gin sales volume early in the year but Gordon's made a strong recovery in the second half and export sales of this product exceeded the high level reached the year before.

Scotch whisky exports during the ten months to January 1981 were lower but the fall was *slightly* less than the 12.8 per cent recorded by the industry as a whole, Mr. Cazer points out.

The group improved its market share of the U.S. scotch whisky market but actual consumption there was some 6.3 per cent lower. "It must be a matter for concern that this is the second year in succession in which *consumption has fallen*," the chairman comments.

The company's biggest disappointment for its whisky exports was in Japan where the market was thoroughly disrupted by parallel imports, and showed a decline of 32 per cent.

The group has, as known, made a new application to the EEC *Commission against the* commission ban on its dual price system. A decision is expected in the near future.

Meeting, North British Hotel, Edinburgh, on September 17, at 12.15 pm.

See Lex

Woodhouse and Rixson declines midway

PRE-TAX profits of **Woodhouse and Rixson (Holdings)**, Sheffield manufacturer of steel products, fell by £170,000 to £226,000 in the half year to *June 30 1981. Turnover was* down 23 per cent from £9.28m to £7.14m.

The interim dividend is to be cut from 0.9p to 0.5p. A total of 1.4p was paid last year. Stated earnings per 12½p share are 2.2p compared with 2.5p.

Interest charges were £116,000 (£270,000), tax nil (£139,000) and an extraordinary debit took £308,000 (nil). Transfers from reserves amounted to £133,000 compared with trans*fers to reserves last time of* £165,000.

The extraordinary debit is estimated losses from the disposal of Oldbury Trailers and Springline Spares, plus the cost of discontinuing manufacture of leaf springs at Cocker Brothers and reorganisation of the group's management structure.

The chairman says the board has taken the view that the unprofitable units, which have *produced substantial losses in* the half year, were no longer viable in the context of this group. Therefore these two subsidiaries have been sold and the operations of another much reduced.

The chairman says borrowings have been reduced from £1.4m at the year end to £0.9m. The board considers that these actions will have a further beneficial effect on cash flow and believes a reasonable rate of return on *assets employed should* be possible, even at current levels of demand.

He adds that the prospects for the next six months are difficult to forecast but the board expects similar levels of trading activity for the rest of this year in the operations that remain.

Northern Engineering SA performs ahead of target

In the six months to June 30, 1981, **Northern Engineering Investments Africa**, the South African engineering holding company which is 64 per cent owned by Northern Engineering, has performed above target.

First-half taxable profits rose to R5.42m, against R4.12m in the same period of last year and R9.53m for 1980 as a whole. Turnover was R72.7m, against R62m last time and a total of R136m last year.

Mr "Blitz" Beiber, the managing director, forecasts that growth will continue for the rest of the current year. All five divisions have produced first-half results which matched or exceeded budgets.

Cummins Diesel, which produces automotive engines, has been granted the service and spares franchise for Atlantis Diesels, which is expected to be of significant benefit.

In addition, the group expects to be materially involved in the next Escom power station contract.

The interim dividend is increased from 14 cents to 18 cents from first-half earnings per share of 63.1 cents (47.9 cents)—last year, the total payment was 44 cents and earnings were 114.7 cents.

GREENE, KING SALES LOWER

Mr W. J. Bridge, chairman of brewer Greene, King and Sons told the annual meeting that the recession was still affecting sales of beer throughout the country. But he said the company's sales in the first quarter were only slightly lower than for the comparable period last year. He believed that the group's market share was continuing to grow.

Crown House looking to expand tableware side

FOLLOWING the recent purchase of Denbyware, the current *year at Crown House is unlikely* to see any significant acquisitions, Mr Patrick Edge-Partington, chairman, says in his annual review.

However, further expansion in the tableware field will be considered should appropriate opportunities arise, he adds.

There are plans to expand the engineering services, covered by Crown House Engineering in thet UK, which might involve an acquisition, should a suitable opportunity occur.

"Particular care will be taken to ensure that the group remains strong in liquid terms, and capital expenditure plans are being carefully monitored," he states.

For the groups as a whole Mr Edge-Partington says the board has some hope of seeing an improvement in profits during the 1981/82 year, but given a *continuation of the current* trading conditions, this is unlikely to be on any significant scale.

He adds that it remains "the firm intention of the board to maintain the business at proper margins."

As reported on July 21 the group was in line with its forecast and finished the March 31 1981 year with profits of £2.09m pre-tax, although they were down from the previous year's figure of £4.55m. Turnover was £136.5m (£153.9m) and the dividend was maintained at 5.25p net per share.

At balance sheet date shareholders' funds stood at £19.52m against £14.71m, and net current assets were £13.25m compared with £11.91m. Net cash balances increased by £7.69m (£4.36m decrease).

Headway by Reed Stenhouse

Reed Stenhouse Companies, the international insurance broking group in which Stenhouse Holdings has a 53.7 per cent equity holding, reports pre-tax earnings ahead from £10.27m to £10.57m in the nine months to June 30, 1981.

Earnings per share are shown to have risen from 32.03p to 34.57p.

Mr W. M. Wilson, chief executive, states that while he regards the growth in earnings per share to be very satisfactory, the combined effects on the company's margins of inflation, soft insurance markets and the weakened economies in a number of major *countries continues to be a con*cern.

The company anticipates satisfactory results for the full year compared to 1980, but Mr Wilson notes that the high level of profit increase recorded in the third quarter of the current years is not expected to be maintained. The effective rate of taxes currently applied is substantially lower than one year earlier and comparable rates are expected at the year end.

	Nine months 1980-81 £000	1979-80 £000
Net commissions and fees	67,132	58,349
Interest & div. income	5,788	4,975
Operating expenses	59,431	50,700
Depreciation, etc.	1,603	1,288
Interest paid	1,320	1,063
Earnings before tax	10,566	10,273
Income tax	5,028	5,389
Net earnings	5,538	4,884
Minority profits	151	*74

* Losses.

LancerBoss lower at £2.6m

A FALL from £4.47m to £2.63m in pre-tax profits is reported by **LancerBoss Group**, the Leighton Buzzard fork lift truck manufacturer, for the year to March 31 1981. Turnover improved, however, from £38.47m to £39.73m. Once again the dividend is omitted.

Mr Neville Bowman-Shaw, the chairman, says the company has maintained its programme of designing and developing high quality products and aggressive marketing effort in order to increase its world market share.

He says exports rose 28 per cent and continued to play a major part in the business. Over 60 per cent of turnover was from overseas sales. The company has been particularly successful in containing costs, de-stocking, reducing loans and has maintained strong liquid resources, as well as keeping the factory working full-time.

The future of the fork lift truck industry, which is worried about world-wide over-capacity and inevitable rationalisation to adjust to the market size, is faced by LancerBoss from a position of strength and with considerable confidence, he says.

There was a tax charge of £1.13m (£1.03m) and after net interest charges of £386,000 (£346,000), retained profits emerged at £1.37m (£3.57m). Stated earnings per £1 share of this unquoted company are £5.04 against £11.48.

Downturn at A. & J. Gelfer

TAXABLE PROFITS of A. and J. Gelfer, Glasgow-based manufacturer of men's ties and headwear, fell from £932,298 to £842,611 for the year to March 31 1981. Turnover was reduced from £5.23m to £5.04m.

The final dividend, however, is to be increased from 2.2p to 2.3p making a total of 3.9p compared with 3.7p. Earnings per 20p share are stated at 7.48p against 7.29p.

Tax took £375,339 compared with £476,541 to leave attributable profits slightly higher at £467,272 (£455,757). Current cost accounting cuts pre-tax profits to £648,832.

TYNEBRIDGE ORDER RESCINDED

An order for the compulsory winding up of Tynebridge made by Mr Justice Dillon on July 27 has been rescinded by Sir Robert Megarry, the Vice Chancellor in the High Court.

MINING NEWS

St. Helena to use tax credit for Beisa deal

BY KENNETH MARSTON, MINING EDITOR

THE South African Gencor group's St Helena gold mine is to take over its stablemate, the new R180m (£104m) Beisa uranium-gold mine in the Orange Free State which is due to reach production in the current half-year. The acquisition will, in effect, be paid for by the tax authorities and will give St Helena 15 per cent of the Beisa earnings.

The deal back-dates the acquisition to January 1 this year. St Helena will work the Beisa property and pay the latter company a royalty of 15 per cent of the gross revenue derived from the sale of the metals and minerals extracted from the property.

St Helena will also pay Beisa for the latter's mine an amount to be determined by the Government Mining Engineer. This will be settled largely by the issue to Beisa of cumulative preference shares carrying dividends equal to 85 per cent of the annual distributable profits of the Beisa mining operation.

The balance of the consideration will be in cash. But St Helena, which is currently paying tax at 60 per cent, will be able to deduct from its taxable income the capital expenditure already incurred by Beisa. This saving will cover the cash element of the Beisa purchase.

Thus, St Helena will receive, *at no cost, 15 per cent of the* Beisa distributable profits. Taking a conservative projection of uranium and gold prices, this is expected to be worth about R3m a year, or 31 cents per share of St Helena which earned 758 cents in the year to last September and paid dividends of 723 cents.

The deal will also benefit UC Investments which has an interest in Beisa. Earlier the latter expected to participate in a public offer of shares in Beisa to be made early this year. Because of the depressed state of the market for uranium, however, the idea of a public flotation has been dropped.

MIM now has 14% of Asarco

AUSTRALIA'S MIM HOLDINGS now owns 3.64m shares, or 14 per cent, of America's Asarco. This includes 258,900 additional shares acquired on the New York Stock Exchange between July 27 and August 14 for approximately $10.5m (£5.74m).

Under the recent deal between the two base metal producing companies, MIM set out to raise its stake in Asarco to approximately 16 per cent *from the* original 2 per cent. In turn, Asarco aimed to reduced its holding in MIM to 44 per cent from 48.9 per cent by share sales to Australian interests over this year and next.

MIM was to buy direct from Asarco 2.5m of the latter's shares in order to raise the holding to 10.5 per cent. MIM was then to make further purchases in the market to lift its holding to 16 per cent over the 12 months from June this year.

Murray Northern policy

WHILE continuing to hold an international portfolio based primarily on the UK, U.S. and Japan, **Murray Northern Investment Trust** will in future—when considered appropriate — invest larger amounts than hitherto in *geographical areas in which the* individual would find it more difficult to invest.

In his annual statement Mr J. A. Lumsden, chairman, says he expects South East Asia to be a major area for increased investment while some increase in Europe, particularly in *Switzerland and Germany*, is likely, to take advantage of the low currency rates prevailing there.

The company's holdings in Japan will probably be maintained or increased. Therefore any funds for investment in smaller areas are likely to come from the UK and U.S.

This policy inevitably means that income growth will be low, but it is hoped to maintain modest dividend growth and the *directors are prepared to draw on revenue reserves if necessary.*

As reported on July 14, pre-tax revenue for the year to May 31 1981 improved from £808,000 to £868,000 and the dividend total is raised from 1.75p to 1.85p, with a final payment of 1.25p net. An unchanged interim of 0.6p is also recommended for the current year.

During the year under review, Murray Northern, in sterling terms, outperformed the relevant indices in its three main investment areas.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar weak

Dollar weakened against major currencies in nervous foreign exchange trading. Longer term Eurodollar interest rates were slightly firmer, but the Opec meeting in Geneva, and conflicting reports on the future level of oil prices, continued to overhang the market. In fairly quiet conditions there was no sign of any interventions by central banks, as the U.S. currency tended to ease on the statement by Mr Paul Volcker, chairman of the Federal Reserve Board, that the next major move in U.S. rates is likely to be downwards.

Sterling was very firm, with heavy demand noted from the U.S., following news that two major U.S. banks had raised their sterling base lending rates. The pound was also helped by the present Opec meeting and speculation about higher world oil prices.

European currencies improved against the dollar, but the French franc fell to the lowest position in the European Monetary System. It remained well within its agreed divergence limit, however, and appears to be under little pressure at the moment.

DOLLAR — Trade-weighted index fell to 111.6 from 112.2 according to the Bank of England. The U.S. currency fell to DM 2.4710 from DM 2.4960 against the D-mark, after touching DM 2.46. It weakened to FFr 5.9250 from FFr 5.9475 in terms of the French franc, to SwFr 2.1540 from SwFr 2.17 against the Swiss franc, and to Y228.75 from Y230.25 against the yen.

STERLING — trade-weighted index (Bank of England) rose to 92.4 from 91.3, the highest level since mid-July. It opened at 92.2, and eased to 92.1 at noon. The pound opened at $1.8600-$1.8620, and quickly rose to $1.8660-1.8700. Dealing spreads remained wide for much of the day, with good demand from the U.S. pushing sterling to a peak of $1.8725 in the afternoon. It closed at $1.8590-1.8610, a rise of 2.80 cents on the day. Sterling rose to FFr 11.02 from FFr 10.8850, and to SwFr 4.0050 from SwFr 3.9750. It also improved against the D-mark and yen, rising to DM 4.5950 from DM 4.5750, and to Y425.50 from Y422.

D-MARK — The most consistently strong member of the European Monetary System despite a softer tone in recent weeks. It fell sharply against the dollar, approaching a five-year low, before a wave of dollar sales improved the situation, although the picture is likely to change again just as abruptly given the high level of U.S. interest rates— The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar and French franc, but losing ground to sterling and the Swiss franc. The U.S. currency fell to DM 2.4810 from DM 2.4900 at the fixing, and continued to decline in the afternoon, falling below DM 2.47 shortly before the close. The Bundesbank did not intervene at the fixing, and was probably not active on the open market. Funds were attracted into sterling, possibly as a result of rumours of higher UK interest rates, although increases in UK base lending rates were confined to U.S. owned banks yesterday, and there was no indication that the London clearing banks were proposing an immediate rise in their base rates from 12 per cent.

At the same time the market remained nervous about the Opec meeting in Geneva, amid suggestions that an agreement on a price of $34 per barrel would depress the dollar.

Sterling rose to DM 4.5940 from DM 4.5750 at the fixing, and continued to improve in the afternoon, rising above DM 4.60. The Swiss franc was fixed at DM 1.1493, compared with DM 1.1473, but the French franc fell to DM 41.85 per 100 francs

THE POUND SPOT AND FORWARD

Aug 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8400-1.8725	1.8590-1.8610	0.76-0.86c dis	−5.22	2.10-2.20dis	−4.62
Canada	2.2250-2.2650	2.2550-2.2570	1.55-1.65c dis	−8.51	4.20-4.40dis	−7.62
Nethlnd.	5.07-5.12	5.10½-5.11½	par-½c dis	−0.59	½-¼ pm	0.22
Belgium	74.30-75.00	74.40-74.50	95-105c dis	−16.12	155-170 dis	−8.73
Denmark	14.38-14.47	14.41-14.42	6¾-8¼ore dis	−6.24	14¾-16¾ dis	−4.37
Ireland	1.2480-1.2600	1.2575-1.2590	0.26-0.39p dis	−3.10	0.67-1.03dis	−2.70
W. Ger.	4.57½-4.61½	4.59-4.60	¾-¼pf pm	1.30	2-1½ pm	1.52
Portugal	121.60-123.00	122.50-122.70	50-135c dis	−9.05	170-365 dis	−8.73
Spain	183.20-185.40	184.20-184.40	100-125c dis	−7.32	260-300 dis	−6.08
Italy	2,283-2,307	2,298-2,300	45¾-47¾lire dis	−24.14	115-118dis	−20.27
Norway	11.35-11.46	11.40-11.41	1½-½ore pm	1.05	2½-1 pm	0.61
France	10.91-11.05	11.01-11.03	21½-22½c dis	−23.98	39-41 dis	−14.52
Sweden	9.70-9.80	9.75-9.76	¼-1¼ore dis	−1.54	½-1¼ dis	−0.36
Japan	420-430	425-426	2.55-2.25y pm	6.77	7.25-6.95 pm	6.67
Austria	32.10-32.40	32.20-32.25	7½-2½gro pm	1.86	15-5 pm	1.24
Switz.	3.97½-4.02½	4.00-4.01	1¾-1¼c pm	4.49	4½-4½ pm	4.37

Belgian rate is for convertible francs. Financial franc 81.30-81.40. Six-month forward dollar 3.90-4.00c dis. 12-month 6.25-6.45c dis.

THE DOLLAR SPOT AND FORWARD

Aug 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8400-1.8725	1.8590-1.8610	0.76-0.86c dis	−5.22	2.10-2.20dis	−4.62
Ireland†	1.4700-1.4810	1.4780-1.4800	0.20-0.30c dis	−2.03	0.54-0.89dis	−1.93
Canada	1.2082-1.2114	1.2111-1.2114	0.40-0.42c dis	−4.21	0.84-0.89dis	−2.86
Nethlnd.	2.7400-2.7570	2.7420-2.7460	1.25-1.15c pm	5.25	3.54-3.44 pm	5.03
Belgium	40.02-40.45	40.02-40.04	27-37c dis	−9.55	40-50 dis	−4.47
Denmark	7.7450-7.8150	7.7450-7.7550	0.10-0.15ore dis	−0.19	1.10-0.60 pm	0.44
W. Ger.	2.4600-2.4910	2.4705-2.4715	1.37-1.31pf pm	6.51	3.83-3.77 pm	6.15
Portugal	65.90-66.20	65.90-66.10	par-40c dis	−3.64	15-115 dis	−3.94
Spain	99.15-99.80	99.55-99.60	par-15c dis	−0.90	10-30 dis	−0.80
Italy	1,235-1,239	1,235-1,237	18-20lire dis	−18.43	47-51 dis	−15.84
Norway	6.1250-6.1540	6.1250-6.1350	3.60-3.10ore pm	6.55	8.20-7.70 pm	5.18
France	5.8550-5.9500	5.9225-5.9275	8½-10c dis	−18.73	13-15 dis	−9.45
Sweden	5.2350-5.2710	5.2350-5.2450	1.25-1.65ore pm	4.01	5.85-5.65 pm	4.39
Japan	228.20-230.00	228.70-228.80	2.35-2.20y pm	11.93	6.35-6.20 pm	10.97
Austria	17.31-17.43¾	17.33-17.34	11.40-9.90gro pm	7.26	28-24 pm	5.99
Switz.	2.1410-2.1660	2.1535-2.1545	1.92-1.82c pm	10.42	5.18-5.08 pm	9.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 20	Bank of England Index	Morgan Guaranty Changes%
Sterling	92.4	−31.5
U.S. dollar	111.6	−4.5
Canadian dollar	88.1	−17.5
Austrian schilling	110.7	+22.3
Belgian franc	105.3	+10.0
Danish kroner	83.8	−11.8
Deutsche mark	115.7	+37.5
Swiss franc	133.7	+80.6
Guilder	107.6	−14.2
French franc	81.4	−12.6
Lira	56.7	−55.0
Yen	142.7	+36.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.613771	0.652009
U.S. $	14	1.12719	1.00852
Canadian $	21.07	1.36522	1.22364
Austria Sch.	6¾	19.6431	17.7197
Belgian F.	15	45.9350	41.0621
Danish K.	11	8.79885	7.95050
D mark	7½	2.80670	2.52130
Guilder	9	3.15133	2.79965
French Fr.	9½	6.71525	6.00826
Lira	19	1403.92	1255.10
Yen	6¼	259.592	232.867
Norwgn. Kr.	9	6.94549	6.23518
Spanish Pts.	8	112.660	100.652
Swedish Kr.	12	6.93959	5.54415
Swiss Fr.	5	2.44713	2.19706
Greek Dr'ch.	20½	—	61.2676

OTHER CURRENCIES

Aug. 20	£	$		£ Note Rates
Argentina Peso	9587-9607†	5143-5163†	Austria	31.90-32.20
Australia Dollar	1.6155-1.6195	0.8775-0.8780	Belgium	80.60-81.40
Brazil Cruzeiro	187.12-185.12	100.49-100.99	Denmark	14.32-14.47
Finland Markka	8.51-8.52	4.5855-4.5875	France	10.87-11.17
Greek Drachma	110.585-113.957	60.65-60.85	Germany	4.56-4.61
Hong Kong Dollar	11.04½-11.05½	5.9500-5.9400	Italy	2260-2510
Iran Rial	150.00*	81.50*	Japan	425-429
Kuwait Dinar (KD)	0.522-0.528	0.2831-0.2834	Netherlands	5.06½-5.11½
Luxembourg Fr	74.40-74.50	40.03-40.04	Norway	11.30-11.42
Malaysia Dollar	4.4150-4.4250	2.3700-2.3730	Portugal	120-125
New Zealand Dlr.	2.2345-2.2395	1.2025-1.2035	Spain	181½-189½
Saudi Arab. Riyal	6.31-6.37	3.4190-3.4210	Sweden	9.66-9.76
Singapore Dollar	4.0340-4.0440	2.1655-2.1665	Switzerland	3.96½-4.01½
Sth. African Rand	1.7520-1.7540	0.9420-0.9450	United States	1.85-1.87
U.A.E. Dirham	6.78-6.84	3.6715-3.6735	Yugoslavia	75½-81½

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 14,098-14,118 and for the dollar 7,550-7,600. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	40.9788	+0.44	+0.44	±1.5361
Danish Krone	7.91917	7.92549	+0.08	+0.08	±1.6413
German D-Mark	2.54502	2.52172	−0.92	−0.92	±1.1326
French Franc	5.99526	6.03750	+0.70	+0.70	±1.3638
Dutch Guilder	2.81318	2.80175	−0.41	−0.41	±1.5159
Irish Punt	0.685145	0.688395	+0.47	+0.47	±1.6888
Italian Lira	1262.92	1257.81	−0.40	−0.40	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.860	4.595	425.5	11.02	4.005	5.108	2299.	2.256	74.45
U.S. Dollar	0.538	1.	2.470	228.8	5.925	2.153	2.746	1236.	1.213	40.03
Deutschemark	0.218	0.405	1.	92.60	2.398	0.872	1.112	500.3	0.491	16.20
Japanese Yen 1,000	2.350	4.371	10.80	1000.	25.90	9.412	12.00	5403.	5.302	175.0
French Franc 10	0.907	1.688	4.170	386.1	10.	3.634	4.635	2086.	2.047	67.56
Swiss Franc	0.250	0.464	1.147	106.2	2.752	1.	1.275	574.0	0.563	18.59
Dutch Guilder	0.196	0.364	0.900	83.31	2.158	0.784	1	450.1	0.442	14.58
Italian Lira 1,000	0.435	0.809	1.999	185.1	4.793	1.742	2.222	1000.	0.981	32.38
Canadian Dollar	0.443	0.824	2.037	188.6	4.885	1.775	2.264	1019.	1.	33.00
Belgian Franc 100	1.343	2.498	6.172	571.5	14.80	5.379	6.860	3088.	3.030	100

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 20)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/4	offer 18 7/8	bid 18 3/4	offer 18 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Aug. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12⅝-12⅞	18⅛-18⅜	21-23	13⅜-13⅝	1-1¼	11⅝-11¾	23-38	20-35	14-40	6½-7
7 days' notice	13-13¼	18¼-18½	21-23	13¼-13½	1-1½	11¾-11⅞	23-38	37-44	35-40	6½-7
Month	13 11/16-13 13/16	18 5/16-18 9/16	21½-21⅞	13 7/16-13 9/16	8½-8⅝	12¼-12⅜	33-38	34¾-36¼	27-30	6¾-7⅛
Three months	14⅛-14¼	18⅝-18⅞	21⅜-21¾	13½-13⅝	8 15/16-9 1/16	12 5/16-12 7/16	26-29	34-35¼	22-25	7⅛-7⅜
Six months	14⅜-14½	18 9/16-18 13/16	20⅝-21	13¼-13⅜	9 1/16-9 3/16	12 7/16-12 9/16	22½-24½	32-33	20½-21½	7⅛-7⅜
One Year	14 1/16-14 3/16	17⅞-18⅛	19⅝-21	12⅞-13	8⅞-9	12 5/16-12 7/16	20-22	29¼-30¼	18½-19½	7½-8⅛

SDR linked deposits: one-month 17 5/16-17 7/16 per cent; three months 16 5/16-16 7/16 per cent; six months 16 5/16-16 7/16 per cent; one-year 15 7/16-15 13/16 per cent.

ECU linked deposit: one-month 19 5/16-19 7/16 per cent; three months 17⅞-18 per cent; six months 17 5/16-17 7/16 per cent; one-year 16-16⅛ per cent.

Asian $ (closing rates in Singapore): one-month 18 11/16-18 13/16 per cent; three months 18¾-18⅞ per cent; six months 18¾-18⅞ per cent; one-year 17 15/16-18 1/16 per cent. Long-term Eurodollar two years 16⅞-17 per cent; three years 16½-16¾ per cent; four years 16⅜-16⅝ per cent; five years 16¼-16½ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.35-18.45 per cent; three months 18.35-18.45 per cent; six months 18.40-18.50 per cent; one-year 17.50-17.70 per cent.

MONEY MARKETS

London rates ease

London clearing banks base lending rates 12 per cent

Conditions were very comfortable in the London money market yesterday, with the authorities giving some assistance, despite the fact that there was probably an overall surplus of funds available yesterday. The Bank of England at first forecast that the surplus was in the region of £200m, made up of £260m of maturing Treasury bills held by the market, slightly offset by £30m of maturing commercial bills in official hands, and an excess of £30m of revenue payments to the Exchequer over Government disbursements.

The forecast was amended later to a surplus of £130m, and during the morning the authorities did not intervene. Assistance totalling £60m was provided in the afternoon, when the Bank of England bought bills at 12¼ per cent, for repurchase by the market on September 8.

In the interbank market overnight loans opened at 13-13¼ per cent, and fell to 12-12¼ per cent following the forecast of a surplus. The rate then firmed at 13 per cent, but fell steadily closing at 12 per cent.

Discount houses paid up to 12¼ per cent for secured call loans, but balances were also taken at 11¼ per cent.

Short term interest rates were influenced by the ample supply of day-to-day credit, and the shorter fixed periods tended to ease, but the slightly longer term yield curve remained flat, reflecting uncertainty in the market about the future trend of interest rates.

Two major U.S. banks—Chemical Bank and Chase Manhattan—raised their sterling base rates from 12 per cent to the equivalent of 13 per cent reflecting the current level of London money market rates, but this seems unlikely to herald any move from the clearing banks in the near future.

In Paris the Bank of France intervened to add liquidity to the money market by purchases of about FFr 22bn of first category paper and Treasury bills maturing during the first three weeks of September. The intervention rate was unchanged at 17¾ per cent, and call money in the market was also unchanged at 17½ per cent.

In Frankfurt call money rose to 12 per cent from 11.70-11.80 per cent. On Wednesday the Bundesbank drained funds from the banking system, and has now succeeded in pushing the call rate back up to the level of the special Lombard facility.

GOLD

Slight fall

Gold fell $3 to $429-431 in the London bullion market yesterday. It opened at $434-436, the highest level of the day, and was fixed at $430.50 in the morning, and $429 in the afternoon. The metal touched a low point of $427¼-429¼.

In Paris the 12½-kilo gold bar was fixed at FFr 90,600 per kilo ($474.80 per ounce) in the afternoon, compared with FFr 92,000 ($484.99) in the morning, and FFr 92,510 ($482.98) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,535 per kilo ($432.02 per ounce), against DM 34,745 ($434.98) previously, and finished at $429-431, compared with $431-433.

	Aug. 20		Aug. 19	
Gold Bullion (fine ounce)				
Close	$429-431	(£230½-231½)	$432-434	(£236-237)
Opening	$434-436	(£233¾-234¾)	$433-435	(£235½-236½)
Morning fixing	$430.50	(£232.201)	$433.50	(£235.214)
Afternoon fixing	$429	(£230.274)	$431.50	(£235.921)
Gold Coins				
Krugerrand	$442-443	(£237¾-238¼)	$447½-448½	(£244½-245)
1/2 Krugerrand	$231-232	(£124½-124¾)	$234-235	(£127¾-128½)
1/4 Krugerrand	$119-120	(£64-64½)	$119-120	(£65-65½)
1/10 Krugerrand	$48-49	(£25¾-26¼)	$49-50	(£26¾-27½)
Mapleleaf	$441-442	(£237¼-237¾)	$447½-448½	(£244¾-245)
New Sovereigns	$106½-107½	(£57¼-57¾)	$108-109	(£59-59½)
King Sovereigns	$118½-120½	(£63½-64½)	$119-121	(£65-66)
Victoria Sovs	$118½-120½	(£63½-64½)	$119-121	(£65-66)
French 20s	$123-128	(£66½-68¾)	$125-130	(£68½-71)
50 pesos Mexico	$533-536	(£286¾-288½)	$540-543	(£295-296½)
100 Cor. Austria	$414-418	(£222¾-225)	$419-423	(£228¾-231)
$20 Eagles	$568-573	(£305½-308½)	$562-567	(£307-309½)

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	18¼-18½
Treasury bills (13-week)	15.66
Treasury bills (26-week)	15.52

GERMANY

Special Lombard	12.00
Overnight rate	12.00
One month	12.75
Three months	12.80
Six months	12.95

FRANCE

Intervention rate	17.125
Overnight rate	17.50
One month	17.375
Three months	17.625
Six months	17.125

JAPAN

Discount rate	6.25
Call (unconditional)	7.125
Bill discount (three-month)	7.46875

LONDON MONEY RATES

Aug. 20 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2-13¼	12½-12¾	—	—	12¼-12¾	11¼-12⅛	—	—	—
2 days notice	—	—	13⅜	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅞-13½	13½	—	13½	13¼-13½	12⅛-12¼	—	—	—
One month	13⅝-13½	13 11/16-13⅝	13⅜	14½-14¼	13⅝	13⅞	12¾	12 [illegible]	12 [illegible]-12 [illegible]	14½
Two months	13⅞-13¾	13 [illegible]-14	—	14½-14⅜	13⅞	—	13⅛	13½	13 [illegible]-13 [illegible]	14
Three months	14⅛-14	14-14 [illegible]	14½	14½-14⅝	14 [illegible]	14⅝	13¼	13½	13½	14
Six months	14⅛-14	14 [illegible]-14 [illegible]	14¼	13⅝-13¾	14 [illegible]	—	—	—	13 [illegible]-13⅝	14½
Nine months	14⅛-14	14 [illegible]-14⅜	—	14⅜-14	14 [illegible]	—	—	—	—	—
One year	14⅛-14	14 [illegible]-14⅝	14¼	14⅝-14⅛	14 [illegible]	—	—	—	—	—
Two years	—	—	14⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅝ per cent; four years 14⅝ per cent; five years 14⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 [illegible]-13⅝ per cent; four months trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 12 11/16 per cent; two months 13⅛ per cent; three months 13¼ per cent. Approximate selling rate for one-month bank bills 12 11/16-12¾ per cent; two months 13 3/16 per cent and three months 13½ per cent; one month trade bills 14 per cent; two months 13¾ per cent and three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from August 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.5007 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 19, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.487
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.9125
	Sp. Peseta	99.82
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	5020.00
	Peso (F) (5)	7275.00
Australia	Dollar	0.9703
Austria	Schilling	17.415
Azores	Port. Escudo	66.35
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	99.82
Bangladesh	Taka	15.7267
Barbados	Dollar	2.01
Belgium	Franc C	40.46
	Franc F	44.13
Belize	Dollar	2.00
Benin	C.F.A. Franc	295.625
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.98
Bolivia	Peso	24.75
Botswana	Pula	0.8774
Brazil	Cruzeiro	96.64
Brunei	Dollar	2.1705
Bulgaria	Lev	0.95
Burma	Kyat	7.3948
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	295.625
Canada	Dollar	1.2131
Canary Is.	Sp. Peseta	99.82
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	295.625
Chad	C.F.A. Franc	295.625
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7999
Colombia	Peso (O)	54.77
Comoros	C.F.A. Franc	295.625
Congo (P'ple Rep. of)	C.F.A. Franc	295.625
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.7313
Cyprus	Pound*	2.1825
Czechoslovakia	Koruna (O)	5.20
Denmark	Krone	7.8195
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (3)	1.4493
El Salvador	Colon	2.50
Eq'l Guinea	Ekuele	199.54
Ethiopia	Birr (O)	2.0718
Faeroe Is.	Dan. Krone	7.8195
Falkland Is.	Pound*	1.8407
Fiji	Dollar	0.8893
Finland	Markka	4.601
France	Franc	5.9125
Fr. C'ty in Af.	C.F.A. Franc	295.625
Fr. Guiana	Franc	5.9125
Fr. Pac. Is.	C.F.P. Franc	105.222
Gabon	C.F.A. Franc	295.625
Gambia	Dalasi	2.1731
Germany (E)	Ostmark (O)	2.4825
Germany (W)	Mark	2.4825
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8407
Greece	Drachma	60.65
Greenland	Dan. Krone	7.8195
Grenada	E. Caribbean $	2.7025

COUNTRY	CURRENCY	VALUE OF DOLLAR
Guadaloupe	Franc	5.9125
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.9845
Guinea Rep.	Syli	21.8715
Guyana	Dollar	2.9435
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.954
Hungary	Forint	33.44
Iceland	Krona	7.173
India	Rupee	8.98
Indonesia	Rupiah	630.00
Iran	Rial (O)	81.00
Iraq	Dinar	0.2999
Irish Rep.	Punt*	1.4717
Israel	Shekel	11.70
Italy	Lira	1235.50
Ivory Coast	C.F.A. Franc	295.625
Jamaica	Dollar	1.7334
Japan	Yen	230.50
Jordan	Dinar	0.3405
Kampuchea	Riel	n.a.
Kenya	Shilling	8.995
Kiribati	Aust. Dollar	0.8703
Korea (Nth)	Won	0.94
Korea (Sth)	Won	665.00
Kuwait	Dinar	0.2851
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.68
Lesotho	Loti	0.945
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.1642
Luxembourg	Lux Franc	40.46
Macao	Pataca	6.19
Madagascar D. R.	Franc	295.625
Madeira	Port. Escudo	66.35
Malawi	Kwacha	0.9324
Malaysia	Ringgit	2.3762
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	591.25
Malta	Pound*	2.4841
Martinique	Franc	5.9125
Mauritania	Ouguiya	59.125
Mauritius	Rupee	8.8601
Mexico	Peso	24.79
Miquelon	Fr. Franc	5.9125
Monaco	Fr. Franc	5.9125
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.7488
Mozambique	Metica	29.4453
Namibia	S.A. Rand	0.943
Nauru Is.	Aust. Dollar	0.8705
Nepal	Rupee	12.00
Netherlands	Guilder	2.757
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2075
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	295.625
Nigeria	Naira (O)	0.6794
Norway	Krone	6.1596
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6861
Paraguay	Guarani	126.00
Peru	Sol	432.22
Philippines	Peso	7.9495

COUNTRY	CURRENCY	VALUE OF DOLLAR
Pitcairn Is.	N.Z. Dollar	1.2073
Poland	Zloty (O)	31.00
Portugal	Escudo	66.35
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6597
Reunion Ile de la	Fr. Franc	5.9125
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8407
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr. Franc	5.9125
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.08
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1235.50
Sao Tome & Principe DR	Dobra	40.0921
Saudi Arabia	Riyal	3.4195
Senegal	C.F.A. Franc	295.625
Seychelles	Rupee	7.3774
Sierra Leone	Leone	1.2111
Singapore	Dollar	2.1705
Solomon Is.	Dollar	0.8529
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.943
Spain	Peseta	99.82
Span. Ports in N. Africa	Sp. Peseta	99.82
Sri Lanka	Rupee	19.1505
Sudan Rep.	Pound* (2)	2.05
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.943
Sweden	Krone	5.272
Switzerland	Franc	1.1642
Syria	Pound	3.9262
Taiwan	Dollar (C)	36.50
Tanzania	Shilling	8.1219
Thailand	Baht	23.30
Togo Rep.	C.F.A. Franc	295.625
Tonga Is.	Pa'anga	0.8703
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5421
Turkey	Lira	122.15
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8703
Uganda	Shilling	75.00
Utd. A'b. Emir.	Dirham	3.6722
Utd. Kingdom	Pound Sterling*	1.8407
Upper Volta	C.F.A. Franc	295.625
Uruguay	Peso	10.96
U.S.S.R.	Rouble	0.7607
Vanuatu	Vatu	95.5555
Vanuatu	Aust. Dollar	0.8703
Vatican	It. Lira	1235.50
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	38.8912
Zaire Rp.	Zaire	5.6255
Zambia	Kwacha	0.9075
Zimbabwe	Dollar	0.7299

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers.

HOTEL GROUP DENIES REPORTS OF CASINO PROBLEMS

Ramada replaces its chief executive

BY IAN HARGREAVES IN NEW YORK

RAMADA INNS, the large U.S. hotel chain which recently entered the gambling business, has parted company with its chief executive, Mr William Isbell, following reports of alleged mismanagement of the company's gambling properties.

Mr Isbell, 45, has been replaced by Mr Richard Snell, 50, a lawyer in Phoenix, Arizona, where Ramada is based. Mr Snell has been a non-executive director of the company for less than a year.

Ramada, in announcing the departure of Mr Isbell, said the resignation was not connected with the publication of an investigation by the Wall Street Journal earlier this week into the company's gambling operations.

That report suggested Ramada's Las Vegas Tropicana Casino had suffered $30m in systematic thefts since it was acquired in December 1979, that professional gamblers had, with the help of insiders, rigged card games in their own favour, and that Ramada had hired a former Federal investigator to try to find out what was going on.

In 1980, Ramada drew $57.8m of its operating profits from its hotel and restaurant operations, with the casinos turning in only $9.1m. Hotels outside the U.S. brought in about 16 per cent of operating profits. The group's medical division, a $5.9m loss-maker in 1980 was sold off at the beginning of this year for a gain of $1.8m.

Ramada denied the figures in the Journal report and said its losses through various forms of cheating and theft were within the normal range suffered by the industry.

The company's more immediate problems, however, centre not on Las Vegas but upon Atlantic City, where Ramada should hav eopened its Tropicana Casino this summer.

The cost of the hotel-casino has escalated from $130m to $330m as delays have occurred.

Hutton shares for Transamerica

By Our New York Staff

TRANSAMERICA, the large San Francisco-based conglomerate, revealed yesterday that it has acquired a 2.5 per cent stake in E. F. Hutton, one of the country's largest publicly quoted stockbroking firms. Transamerica said it had bought the stake "for investment purposes only."

The news helped push up Hutton's share price by $1¼.

Transamerica, which is involved in financial services, transport and many other activities, recently sold off its United Artists film-making subsidiary for $380m.

Voting curbs eased on TXIA's Continental stake

BY OUR FINANCIAL STAFF

THE U.S. Civil Aeronautics Board (CAB) proposes to allow Texas International Airlines (TXIA) greater freedom to exercise voting rights on its 48.5 per cent shareholding in Continental Air Lines.

The board had already recommended that TXIA should be allowed to acquire Continental, subject to final approval by President Ronald Reagan.

The greater leeway on voting rights could be exercised during the 60 days in which the Dallas-based airline waits for Presidential action on its planned takeover of Continental.

The proposal would allow TXIA to "begin soliciting voting proxies for the purpose of calling a stockholders' meeting to elect new Continental directors" the CAB said.

But the meeting can not be held before president approval is given, the CAB said. Currently, TXIA's stock in Continental is held in a CAB-ordered trust that restricts voting rights.

Mesa buys into Cities Services

By Our New York Staff

MESA PETROLEUM, the Texas oil company, reported yesterday that it has bought 4 per cent of the stock of Cities Service, one of the second tier U.S. oil companies which has been at the centre of takeover speculation.

Mesa has made a practice of investing in other oil companies and it already owned 1 per cent of Cities Service stock before the latest purchase. Cities Service was negotiating a merger with Conoco, the large oil and coal company, before Du Pont made its $7.5bn takeover bid which went through earlier this week.

BT seeks buyer for credit card business

By David Lascelles in New York

BANKERS TRUST, the large New York-based bank, has embarked on the final stage of its plan to withdraw from the retail banking business to concentrate on wholesale banking.

It is seeking purchasers for its credit card business, as well as for four upstate New York banking subsidiaries with deposits totalling just over $1bn.

Mr Alfred Brittain, the chairman, said the bank had not yet decided whether to sell the operations as one or separately. No negotiations have been entered into, though a number of financial institutions have expressed interest.

Bankers Trust, with assets of $33bn, decided in 1978 to pull out of retail banking, which is a hotly competitive and not very profitable activity in New York. Although it plans to retain a vestigial retail operation in New York City, the latest sale will conclude the bank's major strategic shake-up.

Minorco wants more Phibro board seats

By Our New York Correspondent

MINERALS AND Resources Corporation (Minorco), the Bermuda-based mining finance group controlled by Anglo-American Corporation of South Africa said yesterday it wanted greater representation on the board of Phibro, the large commodity trading company in which it owns a 27.2 per cent stake.

The announcement, made through a filing with the Securities and Exchange Commission, came only two weeks after Phibro put together a $550m deal to buy out Salomon Brothers, a leading Wall Street investment bank.

Minorco, which has only one seat on the 15-man Phibro board, said this was "disproportionate to its share ownership." It added: "It is Minorco's intention to discuss with the management of Phibro the possibility of increasing such representation."

Minorco's aim is to control three seats, the number it had before its representation was cut by resignations earlier this year when Phibro was spun off by Engelhard Minerals and Chemicals.

Mr Ronald Fraser, Minorco's chief executive and sole representative on the Phibro board, said last night that it was not Minorco's intention to interfere with Phibro's daily operations.

$100m fixed rate bond for Walt Disney

By Our Euromarkets Staff

A $100m five-year fixed interest rate Eurobond was launched yesterday for Walt Disney Productions, the U.S. entertainments company, by Morgan Stanley. The 15¾ per cent issue was priced at 99¼ per cent to yield 15.90 per cent.

The funds are to finance an educational theme park next door to Disneyworld in Florida. The issue was well received and was indicated in pre-market trading at 99¼ offered.

The Kingdom of Denmark has filed with the U.S. Securities and Exchange Commission for a $400m Yankee foreign bond issue. The lead manager will not be known until the issue is launched later this year.

Activity on the secondary Eurodollar bond market was very thin and prices were marked down by around ⅛ of a point on average after New York prices edge downwards.

The secondary market in D-Mark foreign bonds was off ¼ of a point and dealers said that the poor reception given to the latest new issue—a DM 150m, 10-year, 10¾ per cent bond for the Province of Quebec—was influeneing the market.

The Eurosterling convertible issue for Nifco of Japan has been increased by £2m to £12m. The 15-year 6 per cent issue has a 2.7 per cent conversion premium.

Swiss franc foreign bond prices improved by ¼ of a point and have mostly recouped losses incurred on Monday and Tuesday. New Zealand has issued SwFr 200m of five-year notes carrying a 7¼ per cent coupon. The notes were privately placed through Union Bank of Switzerland.

Two Japanese convertible private placements were completed yesterday. Nichii, a major supermarket chain, has arranged a SwFr 100m five-year issue with UBS, with a 5¼ per cent coupon and conversion premium just below 5 per cent. Meanwhile, Araya Industrial, which manufactures hicycle rims and steel pipes, has issued SwFr 20m of five-year notes carrying a 5¼ per cent coupon and a conversion premium of just above 5 per cent. The Lead manager is Credit Suisse.

Bankers Life and Casualty for sale

BY OUR NEW YORK CORRESPONDENT

THE Chicago-based MacArthur Foundation, one of the largest in the country, is seeking buyers for a large insurance company that it owns, Bankers Life and Casualty.

According to bankers managing the deal, the price would be in excess of $1bn, making it one of the largest private transactions of its kind.

The foundation is obliged by U.S. tax law to divest itself of the insurance company by December 1 1983.

Bankers Life and Casualty has a book value of about $500m. However, it owns sizeable chunks of real estate in many cities around the country, as wel las extensive acreage in Florida.

The MacArthur Foundation was founded by Mr John MacArthur who died three years ago at the age of 80, after amassing one of the largest real estate and insurance fortunes in the U.S. Mr MacArthur reportedly bought Bankers Life and Casualty for only $2,500 in 1935 when it was in financial trouble.

Just over a year ago, the Foundation rescued Harper's Magazine from c losure by buying it jointly with the Atlantic Richfield Foundation.

The Foundation, which owns 100 per cent of the stock of Bankers Life, said it appointed Warburg Paribas Becker and Lazard Fereres to serve as exclusive agents for the divestiture.

Bankers Life, an accident, life and health insurance company, had consolidated written premiums of about $700m in 1980.

Coles lifts year's profit by 20% to A$64.4m

BY OUR SYDNEY CORRESPONDENT

G. J. COLES, the Australian retailer, pushed up net prolts by 20 per cent from A$53.58m to a record A$64.44m (US$73m) for the year ended July 26. Sales climbed by $21.8 per cent from A$2.66bn to A$3.24bn.

The company also said it was to raise up to A$90m through debenture and promissory note issues and that it was considering its first asset revaluation since 1960. The company said the issues of debt, which follow a A$9m share issue, would be used to improve liquidity and cover the cost of recent acquisitions of shoe and liqour store ohains.

The company said the profit rise came despite increased competition and continued expansion of its chain of stores. However trading was generally good in the year, the company said, although in the last few months a decline in consumer confidence allied with the surge in interest rates and the turbulent industrial scene had had a dampening effect in the retail boom. The Christmas period was described as the best for 10 years.

It attributed its growth to a combination of market conditions, increased selling space and a general consolidation of its activities.

A final dividend raised from 9.5 cents to 10 cents takes the annual total from 15 cents to 16 cents on earnings of 30.72 cents a share against 28.3 cents.

The company is seeking A$20m, with the right to oversubscriptions of the same amount, through an issue of three-year debentures with a 15.5 per cent coupon and A$50m through an underwritten issue of promissory notes.

Operating loss hits $168m at Harvester

By Our New York Staff

INTERNATIONAL Harvester, the struggling U.S. truck and farm equipment company, yesterday reported a larger than expected third quarter loss. It sees no prospect of making money in the final quarter of the year if interest rates stay at current levels.

Harvester reported a loss from continuing operations in the quarter of $168.3m compared with a profit of $59.8m a year earlier. At the net level, the sale of the company's gas turbine engine division to Caterpillar Tractor turned the loss into a $101.4m profit, up from $61.9m a year earlier.

Sales in the quarter were down from $1.7bn to $1.6bn.

In its first nine months, Harvester had a loss of $353.8m from continuing operations and suffered a net loss of $74.2m. Earlier this year, Harvester was talking about holding its operating loss to $100m.

Mr Archie McCardell, Harvester's chairman, said yesterday that high interest rates were putting additional pressures on the company's markets for trucks, crawlers and loaders.

The company would put its primary emphasis upon reducing costs and managing cash flow, and hoped to make a "significant reduction" in the level of company debt by the end of the financial year.

This is an oblique reference to the pressures Harvester is still under from its banks to pay off as much debt as possible under a major debt rescheduling programme which Harvester has been working on for most of this year.

The completion date for this agreement has been put back numerous times. Mr McCardell said yesterday it should be completed in the final quarter.

Brighter spots pointed to in the earnings report were a continued gain in market share for trucks and farm equipment in the third quarter and an improvement in liquidity.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday September 14.

Closing prices on August 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	88⅞	89⅜	0	−1	16.03
CIBC 14½ 84	185	95½	96	−0⅛	−0⅜	16.51
CIBC 15¾ 86	75	97⅛	97⅜	−0⅛	−0½	15.99
CNA 15⅛ 96	75	92½	93	0	−1⅛	16.56
CNE 12¾ 91	100	82	82½	0	−0⅜	16.54
Citicorp Int. Fin. 15 86	150	96½	97	−0⅛	−0⅛	15.98
Citicorp O/S 15½ 84	175	98½	99	0	−0¼	16.01
Dupont Canada 13½ 91	65	88⅜	88⅞	0	−0⅜	15.79
EEC 14⅜ 93	65	91⅞	92⅛	−0⅜	−1½	16.30
EIB 12¾ 89	75	84⅞	85⅜	−0¼	−0⅞	16.24
Eldorado 13⅛ 86	50	90⅜	90⅞	−0⅛	−0⅜	16.23
Elec. de France 13 88	125	86⅜	87⅛	−0⅛	−1⅛	16.40
Fed. Bs. D. 12⅜ 85 (N)	50	87⅜	87⅞	0	−1⅜	16.48
Fed. Bs. D. 15⅜ 84 (J)	40	98⅜	99⅜	0	−0⅜	16.20
Fin. Exp. Credit 10½ 85	50	82⅞	83⅛	−0⅛	−0⅛	16.74
Finland, Rep. of 9½ 86	100	77⅜	77⅞	0	−1	16.84
Ford Cr. O/S Fin. 16 84	150	99⅝	100⅛	−0⅛	−0⅛	15.91
Ford Cr. O/S Fin. 16 85	150	97⅛	97⅝	−0⅛	+0⅞	16.93
Gaz de France 13½ 86	80	90½	91	0	−0⅜	16.54
GMAC O/S Fin. 12⅞ 88	100	87⅞	88⅛	0	−0¼	15.89
GMAC O/S Fin. 14½ 87	100	93½	94	0	−0⅛	16.45
Gen. Mts. O/S 11⅞ 87	100	84⅜	84⅞	0	−0⅜	15.87
Genstar 14⅜ 91	50	94½	95	−0⅛	−0⅞	15.79
Hiram Walker 16 86	50	101⅝	102⅛	−0¼	−0⅜	15.36
IBM Wld. Trade 12½ 88	200	91⅝	92⅛	0	−0⅜	14.47
IBM Wld. Trade 14⅜ 84	100	100⅝	101⅛	−0⅛	−0⅜	14.29
IBM Wld. Trade 14⅜ 85	60	99⅜	100⅛	−0⅛	−0⅜	14.73
Nat. Bk. Canada 15⅜ 84	40	97⅛	97⅝	+0⅛	0	16.41
Newfoundland 13½ 90	60	87	87½	0	−1⅛	16.33
Nova Scotia 15 91	75	93⅜	93⅞	0	−0⅝	16.31
Ontario Hydro 13½ 91	100	87⅜	88⅜	0	−2½	15.99
Pacific Gas Elec. 16 88	75	101⅛	101⅞	0	+0⅛	15.85
PSNH Int. Fin. 17 86	30	97⅞	98⅞	+0⅛	+0⅜	17.67
Queb. Hy. 13 91 (WW)	100	83½	84	−0⅛	−0⅜	16.45
Royal Bk. Canada 14 86	100	93⅜	94⅛	−0⅛	−0⅞	15.84
SNCF 13 91	75	86⅛	86⅜	−0⅛	−0⅜	15.79
Sth. California 14 87	50	94⅜	95⅛	−0⅛	−0⅛	15.36
Sth. California 14⅜ 88	50	96¼	96⅜	−0⅛	−0½	15.84
Sven Handlsbk. 13⅜ 88	45	90½	91	−0⅛	0	16.05
Swed. Ex. Credit 13 85	75	87⅜	88⅛	−0⅛	−1	17.05
Swed. Ex. Cred. 15⅜ 86	50	96½	97	0	−1⅜	16.72
Toronto-Dom. Bk. 14 84	50	94	94½	0	−0⅛	16.74
Tribune O/S Fin. 14 86	50	92⅜	92⅞	0	−0⅛	16.34
Wells Fargo Int. 15½ 84	50	98½	99	0	−0¼	16.01
World Bank 10⅛ 87	300	78⅜	78⅞	0	−0⅜	16.20
World Bank 14⅜ 86	500	93⅜	93⅞	0	−0⅛	16.33
Average price changes... On day −0⅛ on week −0½						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	95⅜	96⅛	−0½	−1⅜	10.71
Austria, Rep. of 8¼ 92	150	85⅞	86⅜	0	−0½	10.39
CECA 7⅞ 92	150	84⅞	85⅜	−0⅛	−0⅜	10.16
CECA 10 91	120	97⅜	98½	−0⅜	−1⅛	10.30
Cii-Honeywell 8⅜ 90	125	86	86⅜	−0⅛	−0⅜	10.82
Council of Europe 10 91	100	97⅞	98⅜	0	−0⅜	10.28
EIB 8½ 90	200	87¼	88	−0⅜	−1⅛	10.67
EIB 10½ 91	200	98¼	99	−0⅞	−0⅞	10.71
ESCOM 9¼ 87	100	90⅛	90⅞	−0⅛	−0½	11.45
Finland, Rep. of 10 89	100	96⅜	96⅞	−0⅜	−0⅛	10.67
Iberduero SA 9 90	100	91	91⅜	−0⅛	−0⅜	10.53
Ind. Bk. Finland 8½ 90	50	87⅞	88⅜	−0⅜	−0½	10.55
Int.-Am. Dv. Bk. 10 91	100	95½	96⅛	−0⅜	−1⅛	10.69
Japan Air Lines 8¼ 87	100	88⅜	89⅜	−0⅜	−2⅛	10.61
Japan Dev. Bk. 7⅜ 87	100	86⅞	87⅜	−0¼	−0⅞	10.59
Kobe, City of 8 90	100	86½	87⅛	−0½	−1⅛	10.32
Midland Int. Fin. 8½ 90	180	88⅜	89⅛	−0½	−0⅞	10.41
Nuclebras 9⅜ 88	100	85⅞	86⅜	0	−0⅜	12.81
OKB 8¼ 92	150	85	85⅜	−0⅛	−1⅛	10.57
Oslo, City of 8⅜ 90	80	90⅞	91⅜	−0⅛	−0⅞	10.32
Renault Acc. 10⅜ 86	150	96⅜	97½	0	−0⅛	11.54
Venezuela, R. of 9⅜ 90	150	93⅜	93⅞	0	−0⅜	10.89
World Bank 8 90	700	84⅞	85⅜	+0⅛	−0½	10.63
Average price changes... On day −0⅛ on week −0⅜						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†91	92	0	−0⅛	7.77
BFCE 6½ 91	100	93⅜	94	+0⅛	+0⅛	7.41
Bayer Int Fin. 5¼ 92	100	†89½	90	0	+0⅛	6.58
Belgelectric Fin. 7⅜ 91	100	†98⅛	98½	+0⅛	−0⅛	7.99
Bergen City of 6⅜ 91	40	98⅛	98⅞	+0⅛	−1½	7.00
CECA 6⅜ 91	80	95⅜	95⅜	0	−0⅛	7.41
Denmark 5⅜ 90	80	87⅛	87½	−0⅛	+0⅛	7.77
Dome Petroleum 5¾ 91	100	93⅛	93⅜	+0⅛	+0½	6.73
Dome Petroleum 7¼ 90	100	†101⅜	102	+0½	−0½	6.98
Elet. de France 5⅜ 90	100	84⅛	84⅜	0	−1⅛	7.66
Eurofima 5⅜ 92	80	†98½	99	0	+0½	5.90
Finland, Rep. of 5⅜ 90	80	†85½	86	+0⅛	+0½	7.90
Franc. Petroles 6½ 91	80	92½	93	−0⅛	0	7.58
Genstar 7 91	100	101½	102	+1	+0⅛	6.74
Int.-Amer. Dv. Bk. 7 91	100	97⅛	97⅜	+0½	−0⅛	7.34
Japan Dev. Bank 5⅜ 90	100	†93	93½	+0⅛	−1⅛	6.76
Mt Blanc Tunnel 5½ 90	60	84	84½	−0½	−2	8.01
Nowag 5⅜ 90	80	†92½	93	+0⅜	+1½	6.86
OKB 7 93	100	†99½	99⅜	+0⅛	−0⅛	7.04
Oslo, City of 5⅞ 90	80	88½	89	+0⅛	−2½	7.62
Philips Lamps 5⅜ 92	100	87	87⅛	+0⅛	−0⅛	6.97
Swed. Ex. Credit 7⅛ 91	75	96	96⅛	−1⅛	−2⅛	7.83
Trade Dev. Fin. 6⅞ 90	50	†88½	89½	+0⅛	+1	7.86
Voest-Alpine 5⅜ 90	80	85⅛	85⅜	+1	+1⅛	8.06
World Bank 6 91	100	91	91⅛	+0⅛	0	7.32
World Bank 7 90	100	100	100⅛	+0½	−0⅛	6.97
Average price changes... On day +0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	97⅜	98⅛	−0⅛	−0⅛	8.67
Australia 8½ 88	20	85	86	−0⅛	−0⅛	9.49
EIB 7⅜ 89	12	93⅜	94⅛	0	−0⅛	8.82
Finland 8.8 88	10	85	86⅛	0	−0⅛	9.80
Finland, Rep of 8⅜ 87	15	96⅜	97⅛	−0½	−0⅛	9.11
New Zealand 8⅜ 87	15	96⅜	97⅜	−0⅛	−0⅛	8.99
Average price changes... On day −0⅛ on week −0⅞						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 85 C$	60	†82⅜	83⅜	0	+0⅛	16.73
CIBC 13½ 85 C$	60	†92	93	0	0	16.26
CIBC 11½ 85 C$	60	†84	85	0	+0½	17.25
Federal Dev. 11½ 90 C$	80	†75½	76½	0	+0½	16.88
Fst. Can. Inv. 10 84 C$	50	†83	84	0	0	18.09
R. Bk. Canada 10 88 C$	40	†85	87	0	−0½	14.22
Tordom Cpn. 13½ 86 C$	30	†91½	92½	0	−0⅛	16.46
M. Bk. Danmk. 9 91 EUA	25	85⅞	87⅛	0	−0⅛	11.27
SOFTE 8⅜ 89 EUA	40	82⅛	83⅛	0	−1⅞	11.77
U. Bk. Nwy. 9½ 90 EUA	18	90⅜	91⅛	0	−0½	11.72
Algemene Bk. 10⅜ 86 Fl	60	93	93½	0	−0⅜	12.23
Amro Bank 12 86 Fl	75	99	99½	0	−0⅛	12.19
Heineken NV 10 87 Fl	100	91⅛	92⅛	−0⅛	−1⅛	11.95
Nat. Nedrladn. 10 88 Fl	60	93⅜	93⅞	+0⅛	−0⅛	11.42
Ned. Midd. Bk. 10 85 Fl	75	93⅜	94⅛	+0⅛	−0⅛	11.93
Pierson 10⅛ 88 Fl	50	92	92½	+0⅛	−0⅛	12.55
Rabobank 12 86 Fl	50	98⅜	98⅞	−0⅛	−1⅛	12.37
Air France 14½ 86 FFr	200	91⅜	92⅜	+0⅛	−0⅛	17.00
Bk. America 14½ 86 FFr	250	89⅜	90⅜	−0⅛	−0⅛	17.77
Charb'nages 13⅞ 85 FFr	400	88½	89½	−0⅛	−0½	17.63
EIB 14⅛ 88 FFr	300	86⅜	87⅜	−0⅛	−0⅛	17.53
La Redoute 14⅛ 85 FFr	125	86½	87½	−0⅛	+0⅛	18.03
OKB 14 86 FFr	400	88⅜	89⅜	−0⅛	−1⅛	17.75
Solvay et C. 14⅜ 86 FFr	200	92⅜	93⅜	−0⅜	−2⅜	17.02
Swed. E. Cr. 14⅜ 86 FFr	250	86½	87½	0	+0⅛	18.99
U. Mex. Sts. 14 85 FFr	150	88⅜	89⅜	0	−0⅛	18.25
Acona 14 86 £	20	93	94	0	+0⅛	16.15
Beneficial 14⅜ 90 £	20	83⅜	84	0	+0⅛	17.94
BNP 13½ 91 £	15	85⅜	86⅜	0	+0⅛	16.47
CECA 13½ 88 £	20	88½	89⅜	0	0	16.20
Citicorp O/S 13½ 90 £	50	90⅜	91½	0	−0⅜	15.39
Fin. Ex. Cred. 13⅜ 86 £	15	92⅜	92⅞	+0⅛	+0⅞	16.10
Gen. Elec. Co. 12½ 89 £	50	85	85⅜	−0⅛	−0⅛	15.90
Hiram Walker 14⅛ 86 £	25	93⅜	94	0	−0⅛	16.23
Privatbanken 14½ 88 £	12	90⅛	91	0	+0½	16.88
J. Rothschild 14⅜ 90 £	12	92⅜	93⅛	+0⅛	−0⅛	15.75
Royal Trustco 14 86 £	12	92⅞	93⅜	0	+0⅛	16.13
Swed. Ex. Cr. 13⅜ 86 £	20	92½	93¼	+0⅛	+0⅛	15.98
Akzo 9⅜ 87 LuxFr	500	89½	90½	0	0	11.59
Euratom 9⅜ 88 LuxFr	500	86⅛	87⅛	+0⅛	0	12.92
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	−0⅛	+0⅛	13.13
EIB 9⅜ 88 LuxFr	600	86⅛	87⅛	0	+0⅛	12.84
Volvo 9⅜ 87 LuxFr	500	85⅜	86⅜	0	+0½	13.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅛	98⅜	18/12	16⅜	17.03
BBL Int. 6 88	0¼	99	99½	20/11	18.31	18.45
BNP 5½ 88	‡0⅛	99⅛	99⅜	29/10	18.81	18.91
Christiania Bk. 5½ 91	‡0¼	98½	99	5/11	19.19	19.43
Citicorp O/S Fin. 84	‡0	99⅜	99⅜	31/8	18⅞	18.99
C. Itoh 5¼ 87	0⅛	99⅜	99⅜	18/9	15.44	15.52
Co-operative Bk. 6 86	0¼	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	‡0½	98⅜	99⅛	5/11	19.19	19.41
Genfinance 5¼ 87	0⅛	98⅞	99⅜	30/10	16.94	17.08
Genfinance 5¼ 92	0⅛	99	99½	30/12	18.31	18.45
Giro und Bank 5⅛ 91	‡0⅛	98⅞	99⅜	23/9	19.06	19.23
GZB 5¼ 92	‡0⅛	98	98½	5/9	17⅜	17.56
Ind. Bank Japan 5¼ 88	0⅛	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0¼	97¼	97⅜	6/1	13⅜	13.97
Lloyds Eurofin 5¼ 92	0⅛	98⅞	98⅜	4/12	17.44	17.[illegible]
LTCB Japan 5¼ 86	0⅛	99⅛	99⅜	13/12	17⅛	17.36
LTCB Japan 5½ 89	0⅛	99⅛	99⅜	16/1	18.32	18.41
Man. Hanov. O/S 5⅛ 94	‡0⅛	99⅛	99⅜	30/8	19.06	19.16
Merrill Lynch O/S 87	‡0⅛	100	100½	9/11	19.06	19.01
Midland Int. Fin. 5⅛ 92	0⅛	98⅞	98⅞	5/12	17⅜	17.62
Midland Int. Fin. 9 91	0⅛	98⅜	98⅜	30/10	16.81	17.07
Nacional Fin. 6⅛ 88	0⅛	98⅜	99⅛	25/1	19⅛	19.44
Nacional Fin. 5½ 88	0¼	97	97½	25/9	14⅞	15.30
Nat. Bk. Canada 5⅛ 88	0⅛	98⅛	98⅜	24/9	14½	14.74
Nat. West 5¼ 94	§0⅛	98	98½	14/10	16.19	16.48
Nat. West Fin. 5⅛ 91	§0⅛	98½	99	15/1	18⅛	18.36
Nat. West Fin. 5⅛ 92	§0⅛	98⅛	98⅜	23/10	16.81	17.09
Pemex 6 91	0⅛	96⅞	97⅛	8/10	15.31	15.77
Societe Generale 5¼ 91	0⅛	98⅞	99⅛	22/1	18⅜	18.61
Sparebanken 6 87	0⅛	97⅜	98⅛	19/12	16.91	17.18
Svenska Hndlsbk. 5 87	0⅛	99⅜	99⅜	15/1	18⅞	18.24
Average price changes... On day 0 on week 0						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	95⅜	96⅜	+2⅛	3.11
Bow Valley Inv. 8 95	4/81	23.12	102⅜	104⅜	−0⅜	11.88
Canon 6⅜ 95	1/81	829	202½	204	−0⅛	−0.87
Credit Suisse 4⅛ 93	10/79	1236	88	90	0	8.78
Dinicon Fin. 8½ 95	10/81	29.5	†108	109	+3	10.37
Fujitsu 5½ 96	7/81	732	116½	117½	−1	1.74
Furukawa Elec. 5¼ 96	7/81	300	126	127	−1	−1.88
Hanson O/S Fin. 9½ 95	8/81	2.74	90⅜	92⅛	−0⅛	3.48
Hitachi Cred. Con. 5 96	7/81	1966	93⅜	94⅛	−0⅛	2.89
Ina Overseas 8⅜ 2000	4/81	42	103⅞	104½	+0⅛	0.87
Inchcape 8 95	2/81	4.55	86½	88	0	10.86
Marion Int. Fin. 9 95	12/80	15.5	82½	83½	+0⅛	30.21
Marui 6 96	7/81	931	94⅜	95	+2⅞	3.87
Matsushita El. 7½ 95	11/80	590	93	93⅜	0	2.88
Murata 5⅜ 96	7/81	2190	111	112	−2⅛	−0.84
NKK 6½ 96	7/81	188	122	123	−1	45.92
Ricoh 6⅜ 95	8/80	664	165½	167	−2⅛	−2.70
Sumitomo M. Ind. 7 95	2/81	181	153⅜	154⅜	−0⅛	0.99
Swiss Bk. Cpn. 6⅜ 90	9/80	200	77⅜	79⅜	0	37.11
Taylor Woodrow 8⅜ 90	1/81	4.94	90⅜	91⅛	−0⅛	2.05
Treneco Int. 8⅜ 96	2/81	68	82⅜	83½	−0⅛	20.56
Tricorp 8½ 95	12/80	31.25	88	89	+0⅛	15.23
Union Bk. Switz. 5 89	2/80	70.79	74½	76⅛	+0⅛	12.63
Sharp Cpn. 6½ 88 DM	9/80	595	212	213	−2⅛	1.22
Uny Co. 6½ 86 DM	11/79	879.3	116	117	0	−4.58

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

STATIC HOME MARKET DEMAND

BASF half-year profit lower

BY KEVIN DONE IN FRANKFURT

BASF of West Germany, one of the world's largest chemicals companies, increased its turnover by 14 per cent to DM 17.3bn ($6.92bn) in the first six months of the year, but the rise was chiefly gained through higher prices coupled with the weakness of the D-mark against the U.S. dollar.

The group's pre-tax profits failed to keep pace, however, and fell 6.8 per cent below last year's level to DM 837m after a big fall in profits in the home market, where the chemicals industry has been hit by the weakness of the economy.

Pre-tax profits of the BASF parent company fell by 18.2 per cent in the first half of the year to DM 383m, but the company appears to have passed the worst of the recession and profits in the second quarter alone were nearly back at last year's level. Group sales in the second quarter rose by 18.9 per cent.

The group's profitability is still under heavy pressure from rising raw materials costs, however, caused chiefly by the surge in the value of the dollar in recent months. In addition, many chemicals markets are still too weak to allow rising costs to be passed on fully in higher product prices.

BASF said yesterday that the improvement in volume sales in the second quarter compared with the same period last year was only marginal. As a result plants in several sectors were still operating at unsatisfactory levels, particularly in the plastics and refining divisions.

The weakness of the D-mark enabled the BASF parent company to increase its exports sharply in the second quarter and foreign sales accounted for 62.8 per cent of turnover compared with 58.3 per cent in the same period last year.

In the first six months of 1981 parent company turnover rose by 7.1 per cent overall to DM 7.12bn. Demand was virtually stagnant in the home market, however, where turnover showed only a marginal gain of 1.2 per cent, and all the impulses for growth came from strengthening foreign demand. Parent company turnover outside West Germany grew by 11.3 per cent.

BASF's performance overseas was also strengthened by the sharply improved profitability of several of its non-European subsidiaries.

New orders flowing from the domestic and European markets were still unsatisfactory, said the company. But it does not expect to be hit so hard this year by the usual seasonal fall in demand during the summer months.

International operations lift Lend Lease

By Our Sydney Correspondent

INTERNATIONAL operations enabled Lend Lease, the Australian property group, to lift earnings 15.1 per cent from A$20.35m to A$23.41 (U.S.$26.79m) in the year to June 30 on turnover 9.3 per cent up from A$368.21m to A$402.47m. But investment and other income was down 4.4 per cent from A$4.23m to A$4.05m.

The annual dividend has been boosted by 2.5 cents to 17.5 cents a share, with a final payout of 10 cents a share. The dividend is twice covered by earnings of 35.1 cents a share, up from 32.5 cents.

The directors said yesterday that they were budgeting for higher sales and profits in the 1981-82 year and expected at least to maintain the present dividend rate.

The 1980-81 result was achieved after a drop in the tax bill from A$15.42m to A$15.08m. Tax benefits available for U.S. operations helped the group's overall tax position.

Lend Lease recently reorganised its activities so one of its main U.S. vehicles, International Income Property, became a tax free property trust.

Lend Lease's interest bill rose from A$1.17m to A$2.19m despite spiralling interest rates.

Shareholders' funds jumped 34.8 per cent to A$173.3m and net tangible assets backing rose from A$1.97 a share to A$2.47. Extraordinary items totalled A$28.17m against A$4.52m previously, mainly reflecting the revaluation of the Australia Square complex.

Sharp growth at Norsk Data

By Our Financial Staff

NORSK DATA, the Norwegian mini-computer supplier which earlier this year obtained a London share listing, reports sharply higher first-half profits.

For the six months ended June, pre-tax profits are NKr 9.6m ($1.6m), against NKr 5.4m. The company says that the current six months will provide the bulk of total profits.

Orders received are running at a high level—at NKr 199m they are a third up on June 1980—and sales are on target for growth this year of 40 per cent.

HK property company flotation

BY OUR HONG KONG CORRESPONDENT

LEE HYSAN ESTATES is planing to float a property investment company on the Hong Kong stock market, with the issue of a 12.7 per cent stake for HK$500m (US$85m).

The vehicle for the new issue, Hysan Development Company, has been formed from the extensive property holdings of the Lee family, one of the large, property-owning Chinese families which have in the past preferred to keep their real estate wholly-owned. The public will be offered the 12.7 per cent of Hysan Development HK$500m in shares at their par value of HK$1 each. The market capitalisation of Hysan is thus put at H$K4bn. The new company will hold prime property assets in the heart of Causeway Bay.

Chief assets of the company are Hennessy Centre, a newly-completed commercial building in Hennessy Road; Leighton Centre, a commercial complex in Leighton Road; Sunning Plaza and Sunning Court, a commercial-residential complex nearing completion opposite the Lee Gardens Hotels in Hysan Avenue; and One Hysan Avenue, a commercial building on a corner block.

These four proerties will be retained for investment income, whlie a site in Kennedy Road, a high-class residential area, will be redeveloped and sold.

Following the new issue, it is said, the consolidated net assets of the company will be HK$4.8bn.

The Lee family will retain about 57 per cent of Hysan while about 10 per cent will be held by Tai Cheung Properties and a further 20 per cent will be in the hands of 13 other companies and individuals. The issue will be underwritten by Wardley and Hang Seng Finance Company with sub-underwriting arrangements to be arranged later. Applications are due to open on next Friday.

Mr Martin Sabine, of Wardley, has said that net profits for the year ending December 31, 1982, are forecast at HK$153m.

Mr Sabine says that Hysan would be of a different nature from most other property companies quoted on the Hong Kong stock market. It is being promoted as a high-quality property investment concern, aimed at growing to rival such long-established companies as Hongkong and Kowloon Wharf and Hongkong Land.

SKF downturn matches forecast

BY WESTERLY CHRISTNER IN STOCKHOLM

SKF, the Swedish multinational engineering group, reports a pre-tax profit of SKr 511m ($97.3m) for the first six months of this year, SKr 24m below returns for the corresponding period in 1980. Sales advanced 5 per cent to SKr 6.8bn.

The result is in line with a forecast made in the group's 1980 shareholders' report for a "modest" fall in earnings and turnover growth of between 5 and 10 per cent for 1981. The directors now state that the outlook during the remaining six months and the year as a whole is basically unchanged.

Earnings in the bearings sector amounted to SKr 505m durin gthe six months, a gain of SKr 91m. Sales increased from SKr 4.7bn to SKr 5bn, accounting for almost the entire gain in group sales.

The steel products division turned in a SKr 51m deficit, against a SKr 54m surplus during the corresponding 1980 period. Steel product sales remained at around SKr 1.1bn.

The directors comment that of the different industrial branches the steel industry found itself in the most difficult position with a continuing decline in its order intake.

Cutting tool product sales were down 7 per cent on their 1980 half-year levels, because of an "extremely weakened" market in the UK.

U.S. acquisition for Turin bank

BY RUPERT CORNWELL IN ROME

ISTITUTO Bancario San Paolo di Torino, Italy's sixth largest commercial bank, has agreed to acquire a majority interest in the capital of first Los Angeles Bank which has its activities concentrated in southern California.

The Italian bank has given no details of the sum it will pay for control pending approval by the U.S. banking authorities. But reports here suggest a price of $38 a share, implying a total cost for San Paolo of between $40m and $45m.

First Los Angeles Bank is the 33rd largest bank in California, with total balance-sheet assets of $340m at June 30 last. Its activities have been growing at around 25 per cent a year and recently it won permission to open three new branches in southern California.

San Paolo di Torino is Italy's sixth biggest bank, as measured by deposits. Net earnings in 1980 totalled L20.3bn ($16m), while its total deposits climbed last year by more than 23 per cent to L18,600bn ($15bn).

The deal, the first such direct investment in the U.S. by the Turin-based bank, constitutes an important step forward in its North American operations and underlines its position as one of the fastest expanding Italian banks.

Hitherto, it has only had a branch office in New York, but the new acquisition, assuming it is endorsed by the U.S. authorities, will open the way for significant inroads into the fast growing West Coast market.

German Brown Boveri boosts sales

By Stewart Fleming in Frankfurt

A SHARP rise in sales this year is expected by Brown Boveri, the West German mechanical engineer which is part of the Swiss Brown Boveri group. This follows a 9 per cent turnover increase in the first half of the year from DM 1.76bn to DM 1.91bn ($764m).

The bulk of the half-year sales increase came from the company's domestic markets which reported turnover up 15 per cent. Foreign sales revenues increased by only 1 per cent, but their share of the total was still 41 per cent.

The company said that its order intake in the first half of the year was 16 per cent higher at DM 2.52bn, reflectin strong demand both at home and abroad. The company added that it was able to end short-time working at its plants in April.

In spite of the strong sales and orders positions the company said that its profitability has remained under pressure from rising costs which it has not been able to offset through sales prices.

Monier earns more but margins tighten

By Our Sydney Correspondent

MONIER, the diversified Australian brick and pipe group, which is 47.6 per cent owned by Redland of the UK, raised its earnings by 4 per cent, from A$13.78m to A$14.34m (US$16.4m) in the year to June 30, with a relatively poor U.S. performance cutting into gains at home.

A sharp reduction in profit margins was reflected in the earnings increase coming against the background of turnover growth of 20 per cent from A$273m to A$327m (US$374m).

While first-half profits were themselves modest, up by only 11 per cent to A$7.7m, second-half earnings fell by 8 per cent to A$6.6m. The annual dividend is, nevertheless, maintained at 11 cents a share, on earnings falling by almost 4 cents to 19.3 cents.

Monier does not break down its local and overseas operations, but Mr Jack Davenport, the group managing director, said its U.S. investment amounted to around A$30m.

Monier's problems in the U.S. stem from its roofing division in Southern California, where the housing industry is in recession. Conditions remain buoyant in the sun belt states, and the metal building component and fly ash divisions are performing well. The group intends further to increase its U.S. presence, and expects the situation in Southern California to improve with time.

After a bid launched in April for Rocla Industries, the pipemaker, Monier now holds 93 per cent of the issued capital and plans to merge Rocla with its own pipe division.

Reduced first half at Norsk Hydro

BY FAY GJESTER IN OSLO

MODESTLY lower first half profits are reported by Norsk Hydro, the industrial and enery group which is the largest company in Norway.

At the pre-tax level, profits have eased to NKr 1.09bn ($160.8bn) from NKr 1.11bn after an increase in sales for the six months to NKr 8.16bn from NKr 7.8bn.

Earlier this year Norsk Hydro forecast broadly unchanged profits for 1981, explaining that profits before tax and adjustments would improve but that heavier tax would leave the net result little changed.

North Sea operations and fertiliser production in Norway and abroad made the largest contribution to the half year profits, with less satisfying results were achieved by petrochemicals and light metals.

Norsk Hydro faces a heavier tax bill because the increase in Norwegian petroleum tax is now making itself felt, and partly because unused tax allowances, accumulated over several years, have now largely been exhausted.

Investments over the half year totalled NKr 600m, the largest item being the expansion of Hydro's aluminium plant at Karmoy, Western Norway, and field development in connection with Ekofisk and Frigg. Earnings have covered the spending and reduced long-term debt by about NKr 500m.

After a period of relatively low North Sea investment, Norsk Hydro again faces rising investments in offshore projects. These include work to increase capacity of the pipelines from the Anglo-Norwegian Frigg field, development of a Frigg field satellite (North East Frigg) and of the 34/10 and Heimdal fields. Frigg, North East Frigg and Heimdal are gas fields, while 34/10 contains both oil and gas.

Expenditure on exploration and appraisal drilling this year is expected to reach around NKr 400m. Results from recent explorations are described as "encouraging," and estimates of reserves in several previously discovered fields have been scaled up.

Bayer plans DM 150m expansion in Brazil

By Our Frankfurt Staff

BAYER, the West German chemicals group, is to invest DM 150m ($60m) in building new intermediate chemicals plants in Brazil.

The complex will include a 10,000 tonnes a year MDI plant and an aniline plant. The chemicals from these new plants will be used for the production of polyurethane foam, which finds a range of uses in the motor industry, and in the electrical and refrigeration industries as an insulating material.

The plants will be built at the existing Bayer site in Belford Roxo in the state of Rio de Janeiro and will create about 200 permanent jobs. The MDI plant will come into production in September 1983 followed by the aniline plant about a year later.

● The Federal Cartel Office is examining plans by Robert Bosch to acquire at least 25 per cent of Telefonbau und Normalzeit Lehner from AEG-Telefunken, Reuter reports from West Berlin. The Cartel authorities said the transaction was registered yesterday.

AMERICAN QUARTERLIES

BOW VALLEY INDUSTRIES

Second quarter	1981 C$	1980 C$
Revenue	127.7m	83.8m
Net profits	7.49m	6.03m
Net per share	0.19	0.16

DOME MINES

Six months	1981 C$	1980 C$
Revenue	94.3m	109.3m
Net profits	49.3m	51m
Net per share	0.71	0.73

DRESSER INDUSTRIES

	1980/81 $	1979/80 $
Third quarter		
Revenue	1.17bn	1bn
Net profits	83.8m	57.5m
Net per share	1.07	0.74
Nine months		
Revenue	3.35bn	2.88bn
Net profits	221.8m	173.6m
Net per share	2.83	2.23

HEWLETT-PACKARD

	1980/81 $	1979/80 $
Third quarter		
Revenue	936m	810m
Net profits	81m	70m
Net per share	0.66	0.58
Nine months		
Revenue	2.58bn	2.23bn
Net profits	218m	189m
Net per share	1.78	1.58

NORCEN ENERGY RESOURCES

Six months	1981 C$	1980 C$
Revenue	438.3m	385.8m
Net profits	41.5m	52.4m
Net per share	1.55	2.00

PARKER HANNIFIN

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	312.3m	266.4m
Net profits	26.55m	12.95m
Net per share	1.60	0.88
Year		
Revenue	1.11bn	1.02bn
Net profits	64.01m	55.97m
Net per share	4.12	3.80

POWER CORPN. OF CANADA

	1981 C$	1980 C$
Second quarter		
Revenue	142.2m	103.5m
Net profits	29.4m	27.9m
Net per share	1.14	1.09
Six months		
Revenue	197.4m	155.7m
Net profits	48.5m	47.6m
Net per share	1.88	1.85

TESORO PETROLEUM

Third quarter	1980-81 $	1979-80 $
Revenue	655.2m	763.8m
Net profits	15.7m	18.7m
Net per share	0.92	1.07

WORLD STOCK MARKETS

Modest early Wall St rally

A MILD rallying tendency was seen on Wall Street yesterday morning in another moderate business, with buying interest concentrated in Oil and Technology issues.

Analysts said those groups are benefiting from bargain hunting and speculation about the outcome of the Opec Ministers' meeting, which resumes today. For the most part, however, investors have moved to the sidelines to watch for some downward movement in interest rates.

The Dow Jones Industrial Average edged up 3.33 to 929.79 at 1 pm, while the NYSE All Common Index improved 21 cents to $75.94 and advances led declines by a seven-to-five ratio. Trading volume further contracted to 27.79m shares from the previous day's 1 pm total of 28.85m.

Among Oils, Mobil hardened ¼ to $30¾, Exxon ¼ to $34⅞, Standard California ⅛ to $61⅞, British Petroleum ⅛ to $24⅞, Atlantic-Richfield ⅜ to $52⅛, Standard Indiana ⅛ to $44⅛ and Shell ¼ to $46⅞. Royal Dutch-Shell added ⅜ to $35⅞ despite reporting sharply lower profits. Superior Oil was an exception, losing 2⅛ to $41⅛ in active trading.

Technology issues with gains Computervision, ¼ to $39¼, Storage Technology ¼ to $31¼, and Arrow Electronics, 1⅜ to $15⅛.

Pan-Am was the most active issue, off ⅛ to $2¾. It is considering a bid for its hotels.

Utilities were also active, mixed. Consumer Power lost ⅛ to $18, Texas Utilities gained ¼ to $20¼ and Commonwealth Edison, which reported higher 12-months earnings, was unchanged at $20⅛.

Combustion Engineering, which has won a $1bn contract, rose $1 to $41⅞. Ludlow added 2⅜ at $28 following an increased bid from Tyco Laboratories.

THE AMERICAN SE Market Value Index was 0.39 firmer at 368.68 at 1 pm. Volume 3.04m shares.

Closing prices for North America were not available for this edition.

Canada

There was no decided trend at mid-day after moderate dealings, although the Toronto Composite Index recovered 11.2 to 2,277.3. Utilities posted the largest advance among the major indices, rising 101.8 to 1,479.0, but Golds shed 39.3 to 4,288.5 and Oil and Gas 11.4 to 4,901.3.

Tokyo

The new margin trading curbs continued to depress a number of recent market favourites, especially high-priced Light Electricals and some Heavy Electric Machine issues. However, dealers noted foreign buying in Pharmaceuticals and Machinery shares, with both sectors registering strong rises.

The overall market was mixed, with the Nikkei-Dow Jones Average recovering 11.44 more to 7,972.96 but the Tokyo SE index shedding 0.40 to 602.07. There ws another moderate business of 350m shares (340m) on the First Market with gains narrowly outscoring declines by 295 to 283.

Among Pharmaceuticals, Takeda moved ahead Y45 to Y973, Fujisawa Y100 to Y1,870, Green Cross Y80 to Y1,630 and Ajinomoto Y40 to Y923. Although the Government earlier this year cut the prices of drugs handled under its medical aid programme by more than 18 per cent, brokers said an increasing number of market participants apparently have come to believe that the impact will not be as serious as they anticipated.

Machine Tools and also some Robot-related issues moved sharply ahead — with Okuma Machinery rising Y54 to Y830, Toshiba Machinery Y45 to Y515, Fujikoshi Y4 to Y474 and Meidensha Y7 to Y268. The Machine Tool sector had been restrained of late by reports that the industry inventory was increasing. Brokers noted, however, that the present market belief is that earnings will improve in the future.

Heavy Electric Machines retreated further under the lead of Hitachi, down Y17 at Y868, while Toshiba lost Y10 to Y490 and Kawasaki Heavy Y8 to Y272.

Sony recouped Y80 to Y4,690 against the trend in high-priced Light Electricals, where Victor Japan, Y3,950, and Pioneer, Y4,050, dipped Y90 apiece. Nissan Motor put on Y40 to Y1,220 in mixed Motors, but Oils fell, with Teikoku, Y728, and Nippon Y880, down Y22 and Y24 respectively.

Australia

News of the U.S.-Libyan aerial clash and reports that Saudi Arabia does not rule out an oil price rise boosted Gold stocks, but Mining issues overall showed an easier bias, while Oil and Gas issues remained depressed. Industrials were mixed to firmer.

GMK led the Gold shares advance with a rise of 24 cents to A$7.24, while Central Norseman added 20 cents at A$7.50, Poseidon 15 cents at A$4.15 and Emperor 10 cents at A$1.80.

However, Bougainville failed to join the rally due to news of a sharp fall in interim profits, the shares losing 10 cents to A$1.70.

Elsewhere in Minings, CRA receded 17 cents to A$4.05 and MIM 10 cents to A$4.40, but Coal issue Oakbridge improved 10 cents to A$2.35.

Oils were nervous, and Santos slipped 4 cents more to A$6.46 despite news on Wednesday of a further gas flow from the Merrimelia No. 6 well.

Strata Oil fell 15 cents to $1.15 for a loss of 50 cents since early Wednesday on news that the Texas-based Hughes and Hughes Group had sold a part-stake in the Woodada gas field, reducing its interest to 50 per cent.

Germany

After a firm start on fresh foreign buying, the market declined to finish mixed to lower on the day.

Observers said one reason for the turnround was a movement by operators out of shares that had been subjected to takeover speculation as denials of various rumoured deals sank in.

Brokers said a focus of trading was Preussag, where rumours swept the Exchange that Westdeutsche Landesbank Girozentrale was selling its holding in the company to Deutsche BP. Preussag advanced to DM 231.50, but later fell to DM 220 when the rumours were quashed, before ending at DM 223.50, off 50 pfennigs on the day.

Paris

After a weak opening, stock prices showed some late recovery on institutional support, although losses still outpaced gains at the close by 103 to 64.

Operators cited the continued uncertainty at the OPEC meeting and the widening of France's foreign trade deficit in July.

Hong Kong

With investors taking a cautious stance yesterday ahead of the weekly review of local interest rates today, the market, after extending its recent recovery at the opening, later retreated on profit-taking.

The Hang Seng index, which had improved about 40 points in the past two days, lost 22.98 at 1,705.73. Trading remained moderate, with turnover on the four exchanges coming to HK$365.98m (HK$368.51m).

Secondary issues produced some firm exceptions to the downtrend. Shaw Brothers, subject of speculation regarding redevelopment plans, featured with an advance of HK$4.70 to HK$24.70.

Singapore

News of moves by the Kuala Lumpur Stock Exchange to further discourage short selling helped share prices on the Singapore market to recover some ground following the recent steep decline. The Singapore Straits Times Industrial index, down nearly 100 points over the prior six consecutive trading days, regained 13.98 to 718.79.

NEW YORK

Stock	Aug. 19	Aug. 18
[illegible]	[illegible]	[illegible]

NEW YORK Indices

—DOW JONES

[illegible]								

NEW YORK ACTIVE STOCKS

[illegible]			

CANADA

Stock	Aug 19	Aug. 18
AMCC Intl	22½	22½
Abitibi	24½	24⅜
Agnico Eagle	11⅜	11¼
Alcan Alumin	31	31⅛
Algoma Steel	47	46½
Asbestos	42	38⅝
Bk. Montreal	26⅜	25½
[illegible]	[illegible]	[illegible]

BELGIUM (continued)

Aug. 20	Price Frs.	+ or —
Petrofina	4,300	−20
Royale Belge	3,930	−20
Soc Gen Banq.	1,605	−15
Soc Gen Belge	950	−4
Sofina	2,460	+5
Solvay	2,060	+5
Traction Elect	1,680	+20
[illegible]	[illegible]	[illegible]

HOLLAND

Aug. 20	Price Fls.	+ or —
ACF Holding	84.8	—0.7
Ahold	71.8	+0.8
AKZO	26.6	+0.2
ABN	293	−1
AMEV	90	......
AMRO	52.4	+0.7
Bredero Cert	198	......
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Aug. 19	Price Yen	+ or —
Kubota	354	−1
Kumgaai	344	−6
Kyoto Ceramic	3,720	−80
Lion	395	−5
Maeda Cons	530	−5
Makita	965	+5
Marubeni	345	−6
Marudai	646	−4
[illegible]	[illegible]	[illegible]

AUSTRALIA

Aug. 20	Price Aust. $	+ or —
ANZ Group	5.42	....
Acrow Aust	1.35	....
Allstate Expl	1.05	−0.1[illegible]
Ampol Pet	1.45	....
Assoc. Pulp Pap	2.30	....
Audimco	0.18	..
Aust. Cons. Ind.	1.88	..
Aust. Guarant.	2.00	
[illegible]	[illegible]	[illegible]

DENMARK

Aug. 20	Price Kroner	+ or —
[illegible]	[illegible]	[illegible]

FRANCE

Aug 20	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

GERMANY

Aug. 20	Price DM	+ or —
[illegible]	[illegible]	[illegible]

AUSTRIA

Aug. 20	Price %	+ or —
[illegible]	[illegible]	[illegible]

BELGIUM/LUXEMBOURG

Aug. 20	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

ITALY

Aug. 20	Price Lire	+ or —
[illegible]	[illegible]	[illegible]

NORWAY

Aug. 20	Price Kroner	+ or —
[illegible]	[illegible]	[illegible]

SWEDEN

Aug. 20	Price Kronor	+ or —
[illegible]	[illegible]	[illegible]

SWITZERLAND

Aug. 20	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

SINGAPORE

Aug. 20	Price $	+ or —
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

Aug. 20	Price Rand	+ or —
[illegible]	[illegible]	[illegible]

HONG KONG

Aug. 20	Price H.K.$	+ or —
[illegible]	[illegible]	[illegible]

JAPAN

Aug. 20	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

Financial Rand US$0.82½ (Discount of 22%)

BRAZIL

Aug. 19	Price Cruz	+ or —
[illegible]	[illegible]	[illegible]

Indonesian call to support rubber supply cut

BY RICHARD COWPER IN JAKARTA

IN A BID to halt the downward slide of world rubber prices Indonesia's Rubber Producers' Association — *Gapkindo* — has called on its members to back Malaysia's plan to reduce the volume of natural rubber available for the world export market. Gapkindo, which represetns virtually all Indonesia's estate rubber producers as well as those responsible for marketing a major portion of the country's smallholder output, has called on its members to reduce production by 20 per cent.

"The average price of rubber on the world market has dropped 41 per cent from its 1980 peak. The current price means that for many its just not worthwhile tapping at all. Something has to be done to bring the price back to a more realistic level. My association is giving strong support to the Malaysian Government's actions," says Mr Harry Tanugraha, executive head of Gapkindo.

Despite the association's call to its members, there has been no official Indonesian Government reaction as yet to Malaysia's request to Indonesia to withdraw output from the world market. Anyway it seems individual producers in Indonesia have already started reducing output under their own initiative in the face of weak demand and poor prices.

Some smallholders, appear to have stopped tapping altogether and switched, as they traditionally do in Indonesia at times of low prices, to other jobs. Others are understood to be tapping between 50 per cent and 80 per cent of normal levels. Overall, Indonesia rubber output may already be down 20 per cent compared to levels this time last year.

However, any decision to follow Malaysia's stated intention of creating its own rubber buffer stock must await a decision from the Indonesian Government.

Malaysia, the world's largest producer of natural rubber, decided last month to create its own buffer stock despite the formation last year of an international agreement on rubber which provides for market intervention if rubber drops below a specified price on the world market.

According to Mr Tanugraha, the buffer stock price range is unrealistically low and does not reflect current production costs.

"Though the International Rubber Agreement was formally adopted only last year, the buffer stock price range was based on a figure agreed in 1978. The reference price of 210 Malaysian cents per kilo does not reflect the economic cost of producing rubber in 1981, and a clause within the agreement does not allow us to change this until April 1982.

"This means that the rubber price has still not dropped to the level which allows intervention by the buffer stock manager, and even if it had we have still not collected money from our members to make intervention buying a possibility. This is why Malaysia felt impelled to act

Our Comodities Editor writes: Consumer members of the new International Rubber Agreement, notably the U.S., are Sknown to be unhappy about the unilateral action being taken by Malaysia to lift natural rubber prices. They point out that it is hardly worthwhile *having an international agreement* if proucers seek to control the market themselves.

Under the Agreement, the *price range is automatically* adjusted when the buffer stock has made certain quantities of purchases or sales during a 12-*month period and* consumers feel that if the surplus is removed by unilateral action this could undermine the pact's mechanism.

This subject will no doubt be raised at the first meeting of the new international rubber organisation (known as Inro) due to be held in Kuala Lumpur next month,

Sao Paulo coffee crop halved

By Our Commodities Staff

LAST MONTH'S frost halved prospective coffee production for the 1982-83 season in the Brazilian State of Sao Paulo, the U.S. Agriculture Department estimated yesterday.

Following a survey of the area, which normally produces about a third of Brazil's coffee, the department said next year's crop was *likely to be between* 4m and 5m bags (60 kilos each) against pre-frost estimates of 8m-9m bags.

Last week the department estimated that damage in Parana state, which produces a quarter of Brazil's coffee, would cut the 1982-83 crop there from an expected 8m or 9m bags to around 3m.

Damage to 5 per cent of Sao Paulo's coffee trees was so severe that they would have to be uprooted, the USDA said. Another 20 per cent would not come back into production for three years while a further 20 per cent would need two years to recover.

The news had little effect on the market, which had already discounted heavy Brazilian damage. London November futures rose to £1,045 a tonne at one stage but were later depressed by the strength of sterling to finish £14.50 lower on the day at £1,008 a tonne.

The pound's strength also led to a fall in the sugar market. January sugar futures ended £10.625 down at £194.25 a tonne.

FARMER'S VIEWPOINT

Surviving without Brussels

IF THE OPINION polls are to be believed, our future membership of the EEC is not simply a matter of Labour Party politics. A sizeable proportion, probably a majority, of the population would lose no sleep if our membership lapsed. For myself, I was never convinced of the urgency of joining. After all, the Europeans need our oil and our markets, and we could be in as strong a position to make a deal with them from outside as within.

But nowhere is the argument more fierce than with the benefits or otherwise of the Common *Agricultural Policy*. The pro-marketeers claim that it has made our food supply secure in an uncertain world, and that the *high cost of the policy is simply* an insurance for this. The world market is derided as being only a marginal one providing no *security. The lower prices* existing there are explained away as being no more than the result of temporary surpluses *which could easily be wiped out.*

The anti-marketeers, on the other hand, point to the benefits of a return to the cheap food policy of yesteryear. "*Your* food will cost you less." could be a telling election slogan added to such complaints as sovereignty and interference by the Brussels bureaucrats. Both propositions need examining objectively.

There is no question at all that a world market for all food products still exists and Britain still imports sizeable quantities from it. There is also no question that the average prices on it are significantly less than those ruling under the CAP.

Imports purchased on world markets are subject to levies *to bring them up to CAP levels.* The levy on third country wheat, of which some 1.75m tonnes came from the U.S. and *Canada in 1980*, amounts at present to £50 a tonne, that on maize, of which 2.2m tonnes were imported, carries a present *levy of £43. These levies* vary, of course, according to the state of world trade and the position of sterling. But except for a short period in 1974 there has always been a substantial levy.

The same applies to the imports of other guaranteed products: beef, butter and sugar all of which have a world market price substantially below the EEC one. In some cases, notably butter and sugar, British consumption has actually fallen. The proceeds of these levies are handed over to Brussels and are used in the general Community support *system which guarantees the* prices.

For instance, 3m tonnes of barley and wheat were exported from Britain last year which when they went to third countries, carried export subsidies to match world prices. There is no doubt that should Britain leave the Community, there could on the face of it be a substantial saving on Britain's overall food costs. But it is not quite as simple as that.

A feature of membership has been the increased production from British farms. This has undoubtedly been encouraged by the very *much higher* prices which have evolved since joining. In butter for instance, 45 per cent is home produced, *against 13 per cent in 1969/71.* Likewise, cheese has risen from 47 to 67 per cent in 1980, and so on. This increasing production has mostly come about through the guarantee under the CAP of prices, which have in some cases doubled and even trebled in the past decade.

There is no doubt that a very large section of British farming would plunge into crisis should farmers be faced with world prices for what they produce. Production in some lines could well drop quite seriously. Much of the investment of the past few years in land, buildings and other resources, was based on the expectation that the good times, in the Common Market, would endure for ever. If its main support were removed there would be a cataclysmic collapse of confidence. Many of these investments would fail to earn their interest cost and would have to be written off.

The alternative to a free-for-all with no bar on imports would be a return to the deficiency payments system. This is much criticised on grounds of cost by *almost everyone* these days, but in reality the prices were arranged to ensure sufficient home production to make sure that import prices were kept down.

If it were to be re-adopted, its cost would depend entirely on the level of prices which farmers were guaranteed. There would be no reason necessarily to condemn British farmers to suffer all the vagaries of world price fluctuation. The livestock industry would welcome a *cheapening of cereal pr*[illegible] which are probably the mo[illegible] balancing price levels in [illegible] CAP. Variable levies could [illegible] as well be used *to protect farm* prices as they are used to maintain EEC ones.

In some respects, a return to a *national system would* give the voting consumer and farmer a direct link with government which would no longer *hide behind the alibi of* Brussels.

John Cherrington

World oilseed output to rise

By Our Commodities Staff

WORLD PRODUCTION of oilseeds is forecast to rise to 174.1m tonnes in the 1981-82 *season from* 162.5m tonnes in 1980-81, according to the U.S. Department of Agriculture. Potential meal output will as *a result increase to nearly 93m* tonnes against 86.6m tonnes previously, the department added in its latest predictions.

Mainly responsible for the rise in world oilseed output is a predicted increase in world output of soyabeans to over 89m tonnes compared with just over 82m tonnes in 1980-81.

The department said U.S. *exports of soyabean oil in the* nine months from October 1980 to June this year fell by 49 per cent compared with the same period *last season*. U.S. soyabean meal exports were down by 11 per cent and soyabean sales by 3 per cent. Part of the export slump was attributed to increased exports by Brazil and Argentina.

Export drive may hasten soil erosion

WASHINGTON — An all-out push to export more farm commodities and a slowdown in U.S. crop production gains could mean greater erosion of the United States' precious topsoil during the next half century, a new U.S. Agriculture Department report issued this week warns.

"*There will still be adequate* productive capacity to meet domestic needs," the report said. "Meeting projected export demands, *however, will require* an extensive conservation effort to protect the nation's soil resource base from excessive erosion."

Implicitly, it is a warning to Reagan Administration policymakers and *some grain industry* leaders who favour greatly expanded exports and all-out crop production free of government controls.

But without conservation keeping pace with productivity American farmers stand to lose irreplaceable amounts of topsoil from erosion

"Each year, water causes about 1.9bn tons of soil to erode from the nation's cropland." the report said. "On 94m acres (nearly one-fourth of the total), soil loss exceeds levels at which production can be sustained indefinitely."

For example, it said, if soil erosion in the corn belt continued at the 1977 rate of loss until the year 2030, corn and soyabean yields there would be cut 15 to 30 per cent from what they would be if erosion *had been controlled.*

The conversion of cropland to suburban shopping centres, new highways, parks, dwellings and other non-agricultural uses also affects the amount of land available for food production.

"If current trends continue, cropland will be converted . . . at an annual rate of 875,000 acres per year during the next *50 years," the report said.*

"At that rate, the nation's 413m acres of cropland would be reduced to about 369m by the year 2030."

However, the report noted that there are about 127m acres of rangeland, pastureland and forests that "have high or medium potential" for converting into crops such as corn, wheat, soyabeans, cotton and rice.

Copies of the massive report, which has been in the making for more than three years, were sent to U.S. State and local conservation agencies, universities and others for inspection.

The report, in two volumes, does not include specific recom*mendations on how to solve the* problems of soil and water conservation through the next 50 years. However, another in the series will include specific recommendations when it is ready later this year.

AP-DJ

No connection

London commodity brokers, Woodhouse Drake and Carey, have asked for it to be made clear they have no connection *with the Acli International* group, and its UK subsidiary Israel Woodhouse.

Drop in liquid milk sales

By Our Commodities Staff

SALES OF MILK from English and Welsh farms for liquid consumption last month totalled 5[illegible]m litres, down 0.5 per cent from the same month last year, according to provisional figures published by the Milk Marketing Board yesterday.

If confirmed, this would represent a setback following a year on year rise of 0.3 per cent in June — the first increase since March 1979.

The Board stressed, however that recent figures were provisional and might have to be altered when full returns were in.

It also suggested that last month's consumption figure might have been affected by the extra public holiday for the Royal Wedding.

The recent improvement in the consumption trend may have been helped by the fact that *there has been no rise in the* retail liquid milk price since January.

General decline in base metals

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER LED a general decline yesterday in base metal prices, with the exception of tin which *advanced to a new 17-*month high.

The renewed strength of sterling against the dollar, plus a sharp drop in the New York market overnight, put copper under pressure and cash wirebars lost £36.5 to £951.5 a tonne. Fears that interest rates in the U.S. will remain high and the fall in gold was reported to have *triggered off speculative* selling in New York yesterday. So did Asarco's decision on Wednesday to cut its domestic copper selling price *to 87 cents* a pound.

Asarco also announced yesterday a cut of two cents to 42 cents a lb *in its domestic* seling price for lead. At the same time, however, a spokesman for A.M. and S. (Europe) was unable to give a starting date for resumption of produc*tion at the Avonmouth smelter,* which has suffered a failure in the main blower last week. It normally produces some 3,000 tonnes of lead-bullion a month. Boliden of Sweden this week was also forced to suspend lead shipments because of production problems and the strike at the Tara lead/zinc mine in Ireland continues. Despite all this, cash lead, depressed by copper, closed £15 down at £414 a tonne.

The Avonmouth smelter is *maintaining deliveries of zinc* from stocks, but the Tara stoppage is worsening the shortage of concentrates available to European smelters Zambia's Metal Marketing Corporation (Memaco) yesterday raised it European producer price for zinc by $75 to $1,000 a tonne, following *similar increases previously* announced by Canadian and Australian producers.

Memaco said that in view of the supply squeeze on zinc concentrates it was confident that both the present high LME values and the $1,000 producer price could be maintained. However, heavy profit-taking sales encouraged by the decline in *copper and lead* cut the LME cash zinc price yesterday by £22 to £494.5 a tonne—nearly £60 below the seven-year peak *reached last week.*

By contrast, tin values advanced again yesterday, following a strong rise in the Malaysian market overnight. The Straits tin price gained 70 cents to 34.51 ringgits a kilo.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES fell sharply on the London Metal Exchange, reflecting renewed strength in sterling coupled with further general liquidation. Copper *touched £985 before closing at £986.5,* while lead closed at £423.5 and zinc at £509 after £505. Aluminium was finally £705 and nickel £3,267.5. Tin gained further ground as rumoured eastern buying lifted forward metal to £8,250.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	962.5-3	-39.7	951-2	-36.5
3 months	995-.5	-39	984-5	-35.5
Settlem't	963	-40	—	......
Cathodes				
Cash	961-2	-39	951-3	-34.5
3 months	967-8	-39	978-.5	-34.2
Settlem't	962	-39	—	......
U.S. Prod	—	......	*80-5	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £963.5, 63; three months £994, 95, 96, 98, 97, 97.5, 98, 97.5 97, 99, 98, 99, 96, 96.5 Cathodes: Three months £988. Kerb: Wirebars: Three months £995, 94.5, 94, 93, 92, 90, 88, 87, 88. Afternoon: Wirebars: Three months £987, 87.5, 88, 88.5, 89, 88.5, 88, 87.5, 84, 85, 85.5, 86, 85, 85.5, 5, 84, 84.5. Cathodes: Three months £977, 78. Kerb: Wirebars: Three months £983, 84, 85, 84.5, 84, 85, 84, 84.5, 85, 86. Turnover: 32,975 tonnes.

Tin—Morning: Standard: Cash £8,140: three months £8,210, 8,200, 05, 10, 15, 20, 30, 40, 50, 40, 45. Kerb: Standard: Three months £8,260, 55, 50, 40, 20, 10, 20, 10 Afternoon: Standard: Three months £8,190, 80, 70, 50, 80, 8,210, 8,200, 10. Kerb: Standard: Three months £8,220, 40, 45, 50. Turnover: 2,220 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8135-40	+82.5	8090-100	+74.5
3 months	8245-50	+60	8205-10	-85
Settlem't	8140	+60	—	......
Standard				
Cash	8135-40	+62.5	8090-100	+74.5
3 months	8245-50	+80	8205-10	+85
Settlem't	8140	+50	—	......
Straits E.	$634.51	+0.70	—	......
New York	—	......		

Lead—Morning: Three months £424, 25, 24.5, 23, 22.5, 23, 24, 23.5, 22.5, 22. Kerb: Three months £423, 22, 21, 20, 18, 17. Afternoon: Three months £419, 18, 19, 21, 22, 22.5, 22, 21, 20. Kerb: Three months £420, 19, 20, 22, 21.5, 22, 23. Turnover: 11,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	421.5-2	-16	413-5	-15
3 months	423-4	-17.2	419-20	-11
Settlem't	422	-16		......
U.S. Spot	......		*41	......

Zinc—Morning: Cash £506; three months £525, 26, 25.5, 26, 26.5, 26, 25.5, 25, 24, 23, 22 Kerb: Three months £521, 20, 19, 18 17. Afternoon: Three months £519, 20, 19.5, 19, 18, 17, 16, 15, 14, 13, 12, 12.5, 12, 11. Kerb: Three months £506, 8, 10, 8, 9, 10, 8, 9, 8, 7, 7.5, 8, 8.5. Turnover: 16,875.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	505.5-6.5	-16	494.5	-22
3 months	521.5-2.5	-15.5	510-1	-22
S'ment	506.5	-18		......
Primw'ts	—	—	*45.5-9.75	......

Aluminium—Morning: Three months £706, 8, 8.5, 10, 11, 10, 10.5, 10, 07, 8, 10, 09. Kerb: Three months £708, 6. *Afternoon: Three months £705, 700, 03,* 2, 3.5. Kerb: Three months £704, 3.5, 5, 5. Turnover: 11,675 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	683.4	-5	678-9	-5
3 months	709-10	-5.75	703.5-4	-2.5

Nickel — Morning: Three months £3,295, 3,300, 05, 01. Kerb: Three months £3,290, 85. Afternoon: Three months £3,285, 80, 75, 70, 65, 60, 55. Kerb: Three months £3,260, 70, 65. Turnover: 936 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3245-50	-32.5	3200-10	-75
3 months	3301-5	-32	3250-60	-77.5

* Cents per pound. $ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 18.35p an ounce lower for spot delivery in the London bullion market yesterday at 512.65p. U.S. equivalents of the fixing levels were: spot $9.4790, down 24.1c; three-month $9.8090, down 25.2c; six-month $10.332, down 28.8c; and 12-month $11.114, down 28.6c. The metal opened at 517-522p ($9.60-9.70) and closed at 510-515p ($9.50-9.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	512.65p	-18.5	510.5p	-15.5
3 months	530.15p	-18.8	528.25p	-15.2
6 months	547.25p	-20.2	—	...
12 months	581.25p	-20.5	—	......

LME—Turnover 76 (97) lots of 10,000 ozs. *Morning:* Three months 529, 30, 31, 28.5, 29. Kerb: Three months 526. Afternoon: Three months 531, 30, 31, 32, 29. Kerb: Three months [illegible]

COCOA

[illegible]

GAS OIL FUTURES

The market was nervous awaiting the final outcome of the OPEC meeting but had strong undertones owing to the weaker dollar, reports Premier Man.

[illegible]

GRAINS

[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £199.00 (£205.00) a tonne cif Aug-Sept-Oct shipments. White sugar daily price £202.00 (£215.00)

[illegible]

WOOL FUTURES

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

COFFEE

[illegible]

SOYABEAN MEAL

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

AMERICAN MARKETS

NEW YORK, August 20

PRECIOUS METALS declined sharply on profit-taking when political news calmed down and interest rates headed higher. Copper was higher on trade buying as rumours of Peruvian force majeure circulated. The livestock complex came under heavy pressure as cash beef prices were reported to be lower. Heating oil was about un[illegible]

CHICAGO, August 20.

Lard—Chicago loose 21.00 (same)

Live Cattle—Aug 67.95-68.00 (68.22), Oct 64.72-64.85 (65.6?), Dec 65.45-65.25, Feb 64.95-64.95, April 64.65-64.80, June 65.65, Aug 65.25

Live Hogs—Aug 52.75-52.35 (52.10), Oct 52.0-52.10 (52.17), Dec 53.85-53.87, Feb 54.00-54.40, April 51.97, June 54.05-54.05, July 54.70, Aug 53.75, Oct [illegible]

[illegible]

Wednesday's closing prices

[illegible]

EUROPEAN MARKETS

ROTTERDAM, August 20

[illegible] No 2 Dark Hard Winter 13.5 per cent. [illegible] Red Winter Aug 166, Sept 170. U.S. No 3 Amber Durum Sept 156 Oct 192, Nov 195 Dec 205 U.S. No 2 Northern Spring 14 per cent Aug 191.00 Sept 190 Oct 193 Nov 201, Dec 206.

Maize—(U.S. $ per tonne): U.S. No 3 Corn Yellow afloat 150, Aug 149.50, Sept 147.30, Oct 145.75, Nov [illegible]

PARIS, August 20

Cocoa—(FFr per 100 kilo): Sept 1295-[illegible] Dec 1335, March 1380, May 1405, July 1420, Sept 1430, Dec 1455 (Dec to Dec all "bid") Sales at call nil.

Sugar—(FFr per tonne): Oct 2050-2055, Nov 2036-2099, Dec 2075-2240, March 2115-2125, May 2170-2190, July 2190-2220, Aug 2200-2250, Oct 2210-2260. Sales at call: 1.

INDICES

FINANCIAL TIMES

Aug. 19	Aug. 18	Month ago	Year ago
266.27	265.20	271.42	278.76

(Base: July 1, 1952=100).

MOODY'S

Aug. 19	Aug. 18	Month ago	Year ago
1055.0	1061.2	1039.2	1226.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 19	Aug. 18	Month ago	Year ago
Spot	356.39	371.57	391.91	447.27
Fut'rs	351.00	330.00	361.00	384.06

(Average 1924-25-26=100)

REUTERS

Aug. 20	Aug. 19	Month ago	Year ago
1711.2	1702.5	1710.3	1756.4

(Base: September 18, 1931=100)

[illegible]

LONDON STOCK EXCHANGE

Stronger pound helps Gilt-edged but equities ease again
Contrasting features in Grand Metropolitan and Shell

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 10	Aug 26	Aug 27	Sept 7
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

The strength of the pound yesterday and the possibility that the U.S. Administration might allow interest rates to ease gave Government securities a filip, but did little for leading industrials on the London Stock Exchange.

Investment interest in Gilts was on a limited scale, but small sellers were easily accommodated and quotations went higher. The announcement that two American banks had raised their sterling base rates imparted caution and a minor reaction shortly after midday, but the ground lost was later regained. Longer maturities settled at the day's best with gains extending to ½, but the shorts rarely closed more than ¼ harder.

A constant stream of conflicting reports from various OPEC representatives regarding a unified pricing policy served only to confuse. Royal Dutch/Shell's second-quarter results, generally favourably received, added interest to early trading, which began with a market raid on **Ductile Steels**, during which Caparo acquired 1.41m shares.

The effects of Shell's statement on the Oil sector began to fade later, partly because of the surrounding apathy, and most oils closed well below the highest. **Grand Metropolitan** weakened soon after the opening on talk that the group was negotiating the purchase of Intercontinental Hotels. This was later confirmed and Grand Metropolitan ended 12 down at 204p, the market fearing that such a costly acquisition would be financed by a rights issue.

The FT Industrial Ordinary share index illustrated the general trend, showing a marginal improvement at 11 am and thereafter easing almost progressively to close 2.6 down at 560.7; the drop in Grand Metropolitan accounted for over a point of the fall. News that a peace formula had been reached in the rail dispute came much too late to affect sentiment.

Business in Traded options was centred on four stocks. An exceptionally active trade developed in **Grand Metropolitan** positions with 530 calls, 197 in the October 200's, and 132 puts completed. **Shell Transport** attracted 215 calls on the interim results, while **British Petroleum** recorded 62 calls and 136 puts. Interest revived in **RTZ** which were dealt 195 times for the call as speculation surrounding the group continued. Total contracts completed yesterday amounted to 1,615.

Markheath Securities 54.6 per cent Convertible Preferred made a fairly quiet debut and closed at 135p against the placing price of 130p.

Sun Life good

Speculative buying fuelled by hopes of further bid developments within the sector in the wake of Winterthur's 320p per share cash offer for Provident Life helped Life companies make further good progress. Business was fairly brisk but best levels were not always held. **Sun Life** were particularly favoured and closed 11 better at 330p, after 335p, while **Britannic** added 6 at 298p and **Hambro Life**, after touching 433p, closed a net 5 higher at 426p. **Equity and Law** advanced 4 to 426p, after 430p, and **Pearl** closed a similar amount dearer at 450p, after 452p.

The major clearing banks were inclined harder but the volume of business was small. **Lloyds** added 5 at 420p and **NatWest** picked up 4 to 400p. Elsewhere, **Wagon Finance** edged forward a penny to 47p: the interim results are due next Friday.

Breweries eased slightly in a subdued business. **Whitbread** shed 3 more to 176p, while the chairman's bearish comments on current trading clipped 1½ from **Scottish and Newcastle**, 54p. Elsewhere, **Macdonald Martin A** gave up 20 to 440p; the mid-term results are due on Monday.

Blue Circle continued firmly in Buildings, rising 6 more for a two-day gain of 16 at 492p on buying ahead of the interim results due next Wednesday. Elsewhere, **Newarthill** found support at 425p, up 8, while **Ruberoid** added 3 to 93p. The maintained interim dividend outweighed the reduced half-year profits from **Benford Concrete Machinery** which improved 2 to 52p. Dealings began yesterday on the Unlisted Securities Market in **Exeter Building**, previously traded under Rule 163(2)(a); the price opened at 145p and closed at 150p.

In common with other market majors, **ICI** drifted down 2 to 282p. Elsewhere in Chemicals, **Blagden and Noakes** rose 4 to 112p on demand ahead of Monday's interim results.

Gelfer please

Lack of investment incentive continued to inhibit leading Stores which closed at the day's lowest. **British Home** shed 5 at 140p, while **W. H. Smith** gave up 3 more to 174p, and **Marks and Spencer** eased a couple of pence to 135p. **Raybeck** proved more resilient in holding the overnight level of 45p; the annual results are expected next Friday. **A. & J. Gelfer** pleased the market with better-than-expected preliminary profits and closed 5 dearer at 59p. Support was again forthcoming for recent speculative favourite **Sumrie Clothes** which touched 65p before settling for a net gain of 3 at 60p, a rise of 14 so far this week.

Following the acquisition of Alvis, dealings resumed in United Scientific ex the rights issue; the new shares opened at 150p premium and in active trading touched 190p premium before closing at 140p premium, while the Old moved up from an opening of 510p to 550p before settling at 495p. Elsewhere in Electricals, **Louis Newmark** eased 5 to 360p following the annual results and statement on current trading, while **Wholesale Fittings** remained on offer after comment on the preliminary figures gave up 7 more to 228p. **Thorn EMI** closed 7 off at 480p and **GEC** 5 cheaper at 785p, while **Racal** also lost 5, at 470p.

Ductile Steels, up 22 at 81p following the dawn raid on behalf of Caparo provided the main feature in an otherwise drab session in Engineerings; stockbrokers Grenfell and Colegrave announced at the start of business that they were prepared to offer 78p per share for up to 1.6m shares in Ductile and subsequently stated that they had been able to acquire 1,415,000 shares. Elsewhere, **Rotork** eased 3 to 54p after comment on the interim figures, while **Parkfield Foundry** gave up a penny to 17p following the annual results.

unifield rqea nNBgs ds

Movements in Foods were usually against holders. **Rowntree Mackintosh** fell 4 for a two-day loss of 8 at 174p, but **Tate and Lyle** returned to favour and, at 176p, regained Wednesday's loss of a couple of pence. Retailers also displayed a dull appearance, with **William Morrison** closing 6 lower at 168p.

Reports that Grand Metropolitan is negotiating to buy Pan American's Intercontinental Hotels subsidiary prompted substantial nervous selling in the former which closed 12 lower at 204p. **Trusthouse Forte**, another possible suitor, shed 6 to 140p.

Morgan Crucible down

The half-year results and proposed £10.8m rights issue, the proceeds of which will help to finance the group's planned acquisition of the U.S. concern Hydrotex prompted a swift mark-down in **Morgan Crucible** which touched 122p before rallying to close 4 easier on balance at 128p. Elsewhere in miscellaneous industrials, **J. Bibby** came on offer at 290p, down 8, while **British Aerospace** shed 4 to 234p, after 232p. **Sidlaw Industries** fell 13 to 205p on small selling and lack of support and **Amalgamated Metal** at 383p, gave up 4 of the previous day's jump of 87 which followed the announcement that Preussag of Hanover are interested in acquiring the 20.5 per cent of the share capital it does not already own.

Firm markets of late following favourable half-year figures, **Securicor** and **Security Services** continued to prosper, both rising 10 afresh to the common level of 210p. **Standard Fireworks** put on 5 at 138p and **Alexander Russell** closed a similar amount dearer at 283p. Renewed investment support lifted **Vinten** 4 to 360p, while **Wolverhampton Steam Laundry** hardened a penny to 51p following the annual report with its reference to the chairman's resistance to attempts of two major shareholders to gain seats on the Board. Of the quietly dull leaders, **Unilever** shed 5 to 637p and **Beecham** eased 2 to 224p.

Shell below best

Conflicting reports from the OPEC meeting took the edge off an otherwise relatively firm trading session in the Oil sector. **Shell** advanced to 414p in response to the half-yearly figures before settling at 406p for a rise of 6 on balance. **BP** ended a few pence dearer at 330p, after 332p. Secondary issues followed a similar pattern, **Tricentrol** closing 2 lower at 296p, after 300p.

Heavy falls in Golds

The absence of bid developments prompted profit-taking in **Sirdar**, 6 lower at 212p. Elsewhere in quiet Textiles, **Nova Jersey** came in for renewed speculative support and firmed 3 to 89p.

Press comment suggesting that South African Golds should be sold in favour of bullion led to a sharp sell-off in Golds. A $3 decline to $430 an ounce in the metal price had an additional dampening effect on the market.

Share prices were marked down sharply at the outset and continued to weaken on persistent London offerings.

Little selling emanated from other major international centres, however, and prices tended to ease off their lowest levels in late trading. Nevertheless, the Gold Mines index still ended with a fall of 26.0 to 372.0.

In the heavyweights, **Randfontein** and **Hartebeest** were particularly weak and dropped £2½ apiece to £24½ and £30 respectively while "**Amgold**" lost £2½ to £45⅜ and **Buffels** £2 to £18¾. Medium- and lower-priced issues showed **Stilfontein** 98 off at 818p, **Welkom** 69 down at 757p and **Blyvoor** a like amount weaker at 725p.

South African Financials sustained widespread and heavy losses in sympathy with Golds. **GFSA** gave up £1¾ to £41¾ and **Johnnies** £1½ to £39½. London Financials were quietly easier with **RTZ** 5 cheaper at 593p, after 590p, reflecting the further decline in base-metal prices.

Australians encountered light selling following the losses in base-metal prices and the marginal decline in gold. **Bougainville** dipped 8 to 103p on further consideration of the reduced profits and dividend, while the leaders showed **CRA** 12 off at 254p, ***MIM Holdings*** 10 lower at 270p and **Western Mining** 4 easier at 313p.

Tins were featured by **Geevor**, 7 up at 167p in the wake of the fresh rise in tin prices on the London Metal Exchange while, in Irish/Canadians, adverse Press comment left **Northgate** 15 down at 485p.

FINANCIAL TIMES STOCK INDICES

	Aug. 20	Aug. 19	Aug. 18	Aug. 17	Aug. 14	Aug. 13	A year ago
Government Secs	65.01	64.80	65.19	65.24	64.91	64.92	69.18
Fixed Interest	66.50	66.49	66.49	66.20	66.23	66.04	70.58
Industrial Ord	560.7	563.3	567.1	572.9	572.5	561.4	497.9
Gold Mines	372.0	398.0	366.4	368.3	371.2	361.1	384.0
Ord. Div. Yield	5.34	5.31	5.29	5.25	5.25	5.35	7.27
Earnings, Yld. % (full)	9.33	9.28	9.24	9.18	9.15	9.33	17.18
P/E Ratio (net) (*)	14.13	14.20	14.11	14.22	14.27	13.99	7.04
Total bargains	16,443	18,687	18,003	17,348	23,018	20,091	13,409
Equity turnover £m.	—	133.82	137.62	123.75	148.49	138.69	133.87
Equity bargains	—	13,354	14,207	14,003	14,569	15,650	17,605

10 am 562.6. 11 am 563.7. Noon 562.3. 1 pm 562.2. 2 pm 561.1. 3 pm 561.4.

Latest Index 01-246 8026.

Nil = 12.71.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (26/3)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	65.36 (21/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (28/8)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 19	Aug. 18
—Daily		
Gilt Edged Bargains	147.9	172.4
Equities Bargains	86.5	92.0
Value	270.5	278.2
5-day Avrge.		
Gilt Edged Bargains	162.9	173.5
Equities Bargains	93.0	95.1
Value	275.5	281.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (45)

LOANS (1)
FFI (UK Fn) 5½pc Deb. 1980-82

BANKS (1)
Schroders

BEERS (1)
Burtonwood

BUILDINGS (2)
Barratt Dvlpts. — Lilley (F. J. C.)

CHEMICALS (2)
Bayer AG — Blagden & Noakes

STORES (2)
Baker's Stores — Sumrie

ELECTRICALS (1)
Utd. Scientific

ENGINEERING (1)
Ductile Steels

FOODS (3)
Baileys of Yorkshire — Low (Wm.) — Bejam

INDUSTRIALS (12)
Bestobell — Securicor
Fletcher Challenge — Do. N-V
Harris (Ph.) — Security Services
Hoskins & Horton — Do. A N-V
Russell (A.) — United Gas Inds.
Standard Fireworks — Vinten

INSURANCE (4)
Equity & Law — Sun Alliance
Phoenix — Sun Life

NEWSPAPERS (2)
Bristol Evening Post — Pearson Longman

PROPERTY (1)
Churchbury Estates

SOUTH AFRICANS (1)
Abercom

TEXTILES (2)
Allied Textile — Nova (Jersey)

TRUSTS (9)
Canadian & Foreign — Jersey General
Equity Inc. — North Atlantic Secs.
General Funds — Winterbottom
Grange Trust — Pearson (S.)
Group Investors

NEW LOWS (14)

BRITISH FUNDS (1)
Treas. 13½pc '04-08

AMERICANS (1)
Burroughs Corp

BEERS (1)
Irish Distillers

INDUSTRIALS (2)
Dinkie Heel — Kalamazoo

LEISURE (2)
Assoc. Leisure — Mngmnt. Agcy. Mus.

TRUSTS (1)
Bonusbond

OILS (3)
Magellan — Strata Oil — Moonie Oil

RUBBERS (1)
Kuala Kepong

MINES (2)
Amal. Nigeria — Tronoh

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	72	—	20
Corpns. Dom. and Foreign Bonds	8	1	60
Industrials	157	253	957
Financial and Prop.	113	70	318
Oils	14	30	55
Plantations	4	6	13
Mines	12	106	48
Others	31	86	82
Totals	421	552	1,563

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bowater	271	—	Prudential	246	+ 1
GEC	785	− 5	Shell Transport	406	+ 6
Grand Metropolitan	204	−12	Sidlaw	205	−13
Hambro Life	426	+ 5	Stilfontein	818	−98
Hartebeest	£30	− 2½	Sun Life	330	+11
Legal and General	235	− 1	Trusthouse Forte	140	− 6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
RTZ	17	598	− 2	Impala Plat.	10	455	—
GEC	12	790	− 8	Racal Elect.	10	475	− 3
Harmony Gold	12	834	+28	Thorn EMI	10	487	− 8
Unilever	12	642	− 8	BAT Inds.	9	383	—
DeBeers Dfd	11	405	− 2	Hawker Sid.	9	336	+ 6
Amal. Metal	10	357	+67	Shell (Trans.)	9	400	−10
BP	10	328	− 2	Ultramar	9	515	− 5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 17	Aug 28	Nov 19	Nov 30
Sept 7	Sept 18	Dec 3	Dec 14
Sept 21	Oct 2	Dec 17	Dec 28

For rate indications see end of Share Information Service

Calls were arranged in Dunlop, Brent Walker, Double Eagle, Clyde Petroleum, Premier Oil, Lonrho, Carpets International, Charterhall, Strata, Weir Group, NCC, Plaxtons, Hampton Trust and Brengreen. No puts were reported, but doubles were taken out in BP, Zambia Copper, Singlo and Lonrho.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Aug. 20, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Aug. 19 Index No.	Tues., Aug. 18 Index No.	Mon., Aug. 17 Index No.	Fri., Aug. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	371.75	−0.1	9.49	4.16	13.16	372.38	374.76	376.33	375.63	287.27
2	Building Materials (25)	324.50	+0.2	11.46	5.23	10.73	323.98	323.82	325.45	323.12	263.05
3	Contracting, Construction (28)	584.13	−0.1	16.42	4.87	7.07	584.69	587.51	588.50	584.16	422.65
4	Electricals (30)	1233.84	−0.3	7.32	2.24	17.06	1237.47	1249.73	1248.45	1251.96	854.60
5	Engineering Contractors (10)	499.49	−0.1	12.19	5.46	9.75	500.05	503.69	508.73	511.01	337.80
6	Mechanical Engineering (69)	212.93	−0.2	11.33	5.36	11.38	213.32	214.00	216.24	214.88	184.23
8	Metals and Metal Forming (13)	168.92	+0.4	9.41	7.03	13.93	168.17	170.11	173.03	171.77	166.06
9	Motors (21)	104.71	−0.6	1.63	6.61	—	105.34	104.84	105.85	104.87	101.26
10	Other Industrial Materials (18)	397.92	−0.1	9.08	5.04	13.20	398.47	402.66	404.66	405.13	0.00
21	CONSUMER GROUP (195)	289.95	−0.8	11.86	5.53	10.41	292.32	295.13	296.18	295.05	242.73
22	Brewers and Distillers (20)	305.72	−2.1	14.56	6.31	8.24	312.42	315.85	317.84	317.66	296.17
25	Food Manufacturing (21)	271.41	−0.7	14.33	6.14	8.41	273.43	276.29	273.12	271.28	220.35
26	Food Retailing (14)	560.34	−0.2	8.79	3.19	13.56	561.37	568.50	568.43	568.44	363.37
27	Health and Household Products (7)	357.63	−0.5	7.74	4.11	15.40	359.58	363.50	363.12	360.86	239.47
29	Leisure (22)	462.63	−1.4	8.91	4.62	13.94	469.16	472.34	473.99	476.41	342.87
32	Newspapers, Publishing (12)	496.58	−0.4	12.36	5.94	11.58	498.48	499.60	502.74	501.84	441.53
33	Packaging and Paper (13)	154.73	+0.2	13.57	6.84	8.75	154.43	155.55	155.88	152.84	132.19
34	Stores (44)	269.33	−0.6	10.78	4.95	12.37	271.03	273.62	276.83	276.04	241.80
35	Textiles (23)	162.82	−1.0	7.28	5.61	19.67	164.46	166.66	168.14	164.97	123.78
36	Tobaccos (3)	266.29	+0.6	19.08	9.37	6.34	264.81	265.97	268.94	267.65	231.11
39	Other Consumer (16)	287.97	−0.1	4.54	5.86	53.17	288.22	288.53	289.18	289.17	0.00
41	OTHER GROUPS (79)	236.17	—	9.76	6.07	13.41	236.21	238.03	238.00	237.18	228.65
42	Chemicals (15)	297.28	−0.5	4.57	6.11	42.09	298.63	302.57	302.90	302.01	315.45
44	Office Equipment (5)	114.06	+0.1	15.00	7.50	8.04	113.89	116.15	116.24	116.01	107.15
45	Shipping and Transport (13)	541.95	+0.3	15.24	7.03	7.79	540.31	540.26	537.48	540.79	615.04
46	Miscellaneous (46)	312.17	+0.3	12.46	5.38	9.87	311.18	311.57	311.59	309.19	283.45
49	INDUSTRIAL GROUP (488)	310.18	−0.5	10.69	5.07	11.67	311.61	314.17	315.22	314.27	258.19
51	Oils (12)	772.05	+0.8	21.83	7.46	5.09	765.63	776.50	787.15	794.48	805.49
59	500 SHARE INDEX	347.54	−0.2	12.64	5.49	9.52	348.36	351.58	353.39	353.09	301.61
61	FINANCIAL GROUP (118)	276.66	+0.4	—	5.40	—	275.61	276.72	278.67	278.13	239.29
62	Banks (6)	281.49	+0.4	31.65	6.66	3.72	280.23	281.74	285.76	285.61	239.76
63	Discount Houses (10)	275.70	+0.2	—	8.18	—	275.18	272.29	272.01	268.83	284.23
64	Hire Purchase (3)	258.72	−0.2	11.83	7.02	11.69	259.33	259.33	260.21	260.76	221.13
65	Insurance (Life) (10)	291.55	+0.8	—	5.20	—	289.34	289.67	292.72	289.23	248.48
66	Insurance (Composite) (9)	185.14	+0.2	—	7.06	—	184.82	185.23	185.60	185.65	165.11
67	Insurance Brokers (8)	425.64	−0.2	10.46	5.45	12.98	426.42	428.87	436.01	438.04	342.63
68	Merchant Banks (13)	171.98	—	—	4.95	—	172.07	173.50	173.91	174.14	141.98
69	Property (49)	494.10	+0.6	3.78	2.84	36.12	491.06	493.94	495.32	493.91	445.47
70	Miscellaneous (10)	185.18	−0.1	17.30	5.72	7.04	185.30	185.39	186.44	186.13	145.67
71	Investment Trusts (109)	328.14	+0.4	—	4.86	—	326.91	329.48	332.90	330.62	267.51
81	Mining Finance (3)	282.72	−0.5	12.45	4.83	9.46	284.10	284.60	288.01	296.26	249.65
91	Overseas Traders (20)	432.96	−0.8	10.79	6.86	11.83	436.25	434.18	437.91	437.76	434.87
99	ALL-SHARE INDEX (750)	333.68	−0.1	—	5.44	—	334.02	336.60	338.64	338.45	289.41

FIXED INTEREST

	PRICE INDICES	Thur. Aug. 20	Day's change %	Wed. Aug. 19	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.30	+0.14	106.44	0.29	7.82
2	5-15 years	104.01	+0.40	103.60	—	8.60
3	Over 15 years	105.40	+0.57	106.06	1.26	9.81
4	Irredeemables	115.49	—	115.49	—	7.43
5	All Stocks	104.92	+0.36	105.03	0.49	8.66
6	Debentures & Loans	82.17	+0.20	82.01	—	7.03
7	Preference	62.12	—	62.12	—	5.10

	AVERAGE GROSS REDEMPTION YIELDS		Thur. Aug. 20	Wed. Aug. 19	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.41	12.48	11.94
2		15 years	13.07	13.13	11.94
3		25 years	13.30	13.36	11.94
4	Medium Coupons	5 years	14.65	14.70	13.42
5		15 years	15.05	15.13	13.37
6		25 years	14.59	14.67	13.33
7	High Coupons	5 years	14.59	14.64	13.58
8		15 years	15.24	15.30	13.76
9		25 years	14.84	14.92	13.58
10	Irredeemables†		12.97	12.96	11.53
11	Debs & Loans	5 years	15.49	15.59	14.36
12		15 years	15.79	15.83	14.13
13		25 years	15.83	15.88	14.07
14	Preference†		15.86	15.86	14.48

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	21/8	172	152	✤Aerospace Eng.	160		bd7.5	1.4	6.7	14.8
64	F.P.	3/9	63	60½	East of Scot. Onshore	61		g0.85	—	2.0	—
‡‖	F.P.	—	25	16	††Energy Sources	16	−1	—	—	—	—
§52	F.P.	24/9	87	75	✤Fleet St. Letter. 5p	83	+1	u2.5	1.9	4.3	17.4
140	F.P.	16/10	140	130	Hamilton Oil G.B.	136		u1.0	18.4	1.1	7.4
—	F.P.	14/8	7	6	✤Hartons 5p	7		—	—	—	—
§10	F.P.	—	22	17	✤ICC Oil services	19		—	—	—	28.0
25	F.P.	18/9	28	27	JapanAssetsTrust 10p	27½		—	—	—	—
130	F.P.	—	134	132	✤M'rk'th Sec54.6%Cnv	135		—	—	14.4	—
§51	F.P.	20/7	69	61	✤Microfilm Repro	62		b2.5	1.4	5.8	17.9
‡	F.P.	20/8	125	120	✤Newcourt Oil	120		—	—	—	—
100	F.P.	—	103	98	✤Ramus	102	+2	gd5.0	2.1	7.0	7.9
85	F.P.	17/7	90	70	✤Stanelco	83		—	—	—	25.4
§155	F.P.	3/8	208	190	✤Star Computer	208		2.0	4.3	1.4	21.7
—	F.P.	18/9	14	10	Stewart Ent. Warrs.	13	−1	—	—	—	—
52	F.P.	28/8	120	114	St'ckhold'rsF.E.Inv§1	115		—	—	—	—
66	F.P.	7/9	86	75	✤Thorpac	86		b1.82	3.7	3.0	11.3
100	F.P.	15/7	104	95	Utd.Comp.&Tech. 50p	101		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	102	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	109	.....
100‖	F.P.	7/8	112¼	97½	Chloride 7½% Conv. Prf.	100	.....
‡	£10	—	10½	9⅞	East Surrey Water 10% Prf. 1986	10½	+¼
100‖	Nil	28/8	9pm	6pm	Hanson Trust 9½% Cv. Uns. Ln. 2000-5	6pm	.....
98½	£25	12/11	25¼	24½	Inco 15⅜% Uns Ln. 2006	25¼	.....
100‖	F.P.	12/8	124½	110½	Jones (Edward) 15% Cnv. Uns. Ln. '95-98	118	−1
¶97	£10	3/9	110	95	Mid-Kent Water 9% Red. Prf. 1987	96½	.....
¶100	F.P.	28/8	98½	96	Mid-Southern Wat. 9% Red. Pref. '86	97	.....
‖	F.P.	17/7	104¼	95	Mount Charlotte 9½% Cnv. Ln. 1995-2000	96	.....
100	F.P.	—	100⅛	99¾	Nat'wide Bdg Society 14½% Bds. 1/3/82	100⅛	+⅛
¶100	F.P.	—	100⅛	100⅛	Do. 14⅜% Bds (25/8/82)	100⅛	+⅛
100‖	F.P.	23/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	103	.....
**	F.P.	—	93p	83p	Sterling Credit 8.5% Cnv. Red. Pref.	87½p	.....
100p‖	F.P.	11/8	100½p	77½p	'W' Ribbons 10% Cum. Red. Prf. '95-96	77½p	−5
¶100	£10	—	11	10½	York Waterworks 10% Red. Pref. '85	10¾	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
22	F.P.	31/7	11/9	24	22½	A.I.D.	23	.....
45	F.P.	23/7	28/8	54	49	Brengreen	54	+1
275	125p	13/7	2/12	182	130	B.P.	174	+4
42	Nil	20/8	17/9	9pm	8pm	Buckley's Brewery	9pm	.....
18	F.P.	14/8	4/9	21½	19	Edinburgh Gen. Ins	20	.....
375	F.P.	10/7	7/8	410½	390	English Association	410	.....
176	F.P.	7/8	11/9	245	200½	Extel	245	.....
240	F.P.	—	—	408	210	††Gaelic Oil	210	.....
11	Nil	28/8	30/9	2pm	⅝pm	Gartons	1½pm	.....
5	F.P.	14/8	21/8	7½	6	Hartons	7½	.....
HK$12	HK$6	28/8	9/10	109	66	Hong Kong & Shanghai Bk.	100	−1
131	Nil	28/8	25/9	35pm	25pm	Ladbroke	33pm	+1
110	Nil	—	—	20pm	16pm	Laird Grp.	22½pm	−3
35	F.P.	21/8	2/10	45	41	Lane (Percy)	44	−1
77	F.P.	20/8	25/9	92	81	Moss Engineering	88	.....
160	F.P.	9/7	12/8	200	185	New Court Nat. Res. Units	195	+5
50	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	67	.....
A$1	Nil	—	—	148pm	124pm	Pancontinental	134pm	−2
360p	Nil	—	—	190pm	140pm	Utd. Scientific	140pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✤ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* £9.41 9.83 ..... 3.60
Clive Gilt Fd. (C.I.) £7.93 8.29 ..... 15.92
*Prices on Aug. 19. Next dealing Aug. 27.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 252.0 274.0 ..... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$10.56 — +0.07 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) £88.2 88.3 ..... 15.29
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt

[illegible]

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. 156.6 166.9 ..... 3.25
H.S. Fxd. Int. Fd. 85.0 90.0 ..... 14.00
H.S. Intnl. Gth. Fnd. 120.4 127.8 ..... —

[illegible]

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.63 2.78 ..... 0.61
O.C. Sm. Co. 129.5 137.7 ..... 2.40
O.C. Commodity* 103.4 110.0 ..... 6.55

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	67.4	72.5	−1.8	2.00
Abbey Capital	53.6	58.0	−0.1	3.79
Abbey General	63.3	68.4xd	−0.1	4.48
Abbey Gilt & F.I. Tst.	99.3	104.5	+0.1	12.53
Abbey Income	38.5	41.6xd	−0.1	8.43
Abbey W'w.Bd.Tst.	97.1	102.8	−0.5	6.57
Abbey Inv. Ts. Fd.	58.4	63.1xd	+0.1	3.80
Equitas Prog. Ts.	91.9	99.3	−0.1	4.12

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.3	87.6xd	+0.2	13.20

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	96.5	103.3xd	+0.4	5.42
Brit. Inds. Fund	82.5	88.3	+0.1	5.77
Growth & Income	56.9	60.9	....	4.10
Elect. & Ind. Dev.	50.7	54.3	....	4.42
Allied Capital	109.7	117.4	−0.1	3.75
Hambro Fund	146.1	156.3	−0.3	5.15
Hambro Acc. Fund	208.3	222.9	−0.3	3.68
Income Funds				
High Yield Fd	69.1	73.9xd	−0.2	8.12
High Income	88.0	94.2	....	6.79
Equity Income Fd.	49.6	53.1xd	....	6.95
Govt. Secs.	23.5	24.1	−0.1	12.81
International Funds				
International	41.1	44.0xd	+0.1	1.93
Japan Fund	33.3	35.6	+0.2	0.46
Pacific Fund	84.1	90.0	−0.2	1.16
Secs. Of America	93.0	99.5	−0.6	2.41
Specialist Funds				
Smaller Co.'s Fd.	61.0	65.3	−0.1	3.60
2nd Smlr. Co's Fd.	76.6	82.0	−0.3	3.65

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.1	39.4xd	−0.1	11.54
North American	70.3	75.9	−0.2	2.24
Canadian Exempt*	79.3	83.9		2.74
Canadian Trust	71.8	77.4	−0.3	2.27
Mid Mount High Inc.*	47.2	49.9xd		9.65
Recovery	58.8	64.2	−0.1	6.70
Gilt Trust	39.7	41.6xd		13.95

*Weekly dealing day Wednesday

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd	48.3	52.1	−0.9	0.48
Cres. Internat'l	98.0	105.8	−0.2	1.42
Cres. High. Dist.	45.0	48.6	−0.1	9.26
Cres. Reserves	55.3	59.7xd	−0.1	5.05
Cres. Tokyo	44.8	48.3	+0.1	0.26

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit. Ts.	24.1	25.6	....	8.93

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Aug 6	251.9	268.6	....	4.96

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9xd		8.30
Gt. Winchester O'seas	30.8	34.2xd	....	3.40

For Emson and Dudley see Robert Fraser Tst. Mgmnt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	100.9	106.2	−0.2	4.07

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-348 4891

American (z)	42.9	46.2	−0.1	0.39
Amerl.Spec.Sits. (z)	31.8	34.3	−0.4	0.05
Gilt + Fixed Int	22.9	24.0	....	13.50
Growth + Income	36.0	38.8	....	6.46
Maximum Inc. Eq. Tst.	31.0	33.4	+0.1	8.19
Special Sits.	44.4	47.8	....	1.20

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	281.9	296.8		3.66

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1915

Property Fd. July 31	150.80			6.97
Wider Fund July 31	289.05			4.74
Narrower Fd. July 31	72.70			14.02

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588

American	78.0	83.5xd	+0.2	2.19
(Accum. Units)	84.4	90.3	+0.2	2.19
American Recovery	87.1	93.2	+0.4	1.47
(Accum. Units)	89.9	96.2	+0.5	1.43
Australasian	107.7	115.2xd	−0.5	1.33
(Accum. Units)	113.2	121.1	−0.5	1.33
Commodity	140.0	149.8xd	−1.5	3.09
(Accum. Units)	166.4	178.0	−1.7	3.09
Compound Growth	202.2	218.4	−1.2	2.87
Conversion Growth	132.2	141.5	−0.2	2.19
Conversion Income	78.7	84.2xd	+0.2	8.42
Dividend	137.3	147.5	−0.7	9.15
(Accum. Units)	314.0	337.6	−1.7	9.15
European	62.8	67.5		3.05
(Accum. Units)	69.9	75.1	−0.1	3.05
Extra Yield	88.5	96.5	−0.4	9.06
(Accum. Units)	143.9	156.9	−0.6	9.06
Far Eastern	126.7	136.8	+0.5	1.36
(Accum. Units)	144.9	156.5	+0.6	1.36
Fund of Inv. Tsts.	103.1	110.8	−0.5	4.36
(Accum. Units)	140.7	151.3	−0.7	4.36
General	246.2	264.7xd	−2.0	5.62
(Accum. Units)	434.9	467.5	−3.5	5.62
Gilt Income	43.0	45.1xd		10.70
(Accum. Units)	45.5	47.8	−0.1	10.70
High Income	116.8	125.0	−0.5	8.55
(Accum. Units)	241.0	257.9	−1.0	8.55
Japan	206.1	220.5	−0.5	0.73
(Accum. Units)	216.8	232.0	−0.9	0.73

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh

Dealing day Wednesday

For Sebag see Carr Sebag Unit Trust Managers.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

SIMCO Money Funds
66, Cannon Street, EC4N 6AE

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	293.9		−0.6	—
Equity Fund	511.9			—
Property Fund	196.6	206.9	+0.1	—
Fixed Int. Fund	171.6	180.6		—
Deposit Fund	132.3			—
Nor. Units Aug. 15		303.4		—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Pioneer Mutual Insurance Co. Ltd.
16 Crosby Rd., N. Waterloo, L'pool 051-928 6655

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.
01-621 1124

Property Growth Assur. Co. Ltd.
Croydon CR9 1LU

Sun Life Pensions Management Ltd

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1981 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		Public Board and Ind.				
64	58	Agric. Mt. 5pc '59-89	62		8.15	12.97
29½	24¼	Met. Wtr. 3pc 'B'	25½xd		11.71	14.01
114	98½	U.S.M.C. 9pc 1982	104½		8.80	—
97¼	91	Do. without Warrts.	94½		9.75	17.00
		Financial				
101½	96½	FFI 14pc '83	97¾		14.32	15.14
93½	88½	FFI(UK Fn)5½pcDb. '80-2	93½	+½	6.04	14.85
83½	77	Do. 6¾pcDb. '81-84	80	+½	8.60	15.00
95	84½	Do. 10¾pc Uns.Ln. '86	86½		12.54	15.25
92	80	Do. 11pc Uns.Ln. '88	84		13.32	14.70
92	80	Do. 11¾pc Uns.Ln. '90	85½		14.31	15.60
94½	83½	Do. 12½pc Un. Ln. 1992	89	-½	14.97	15.78
64½	55½	Do. 7¼pcADeb. '89-92	59	+½	12.71	15.04
62	54½	Do. 7¼pcADeb. '91-94	58	+½	15.45	13.27
72½	65	Do. 9pc 'A' '91-94	65½		14.38	15.90
70	59	Do. 8¾pcLn. '92-97	60½	+½	14.84	15.70

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	43	.....	Q2.5c	—	3.6
41	14	ACM 20c	36	.....	—	—	—
21	11½	Argosy Gold NL 25c	12	−1	—	—	—
229	137	Bond Corp.	208	−12	Q10c	ϕ	3.0
112	76	Bougainville 1 Kina	103	−5	‡Q25.4c	1.0	‡
302	214	CRA 50c	254	−12	Q19c	1.7	4.5
25	15	Canada Northwest	16	.....	—	—	—
35	15	Carr Boyd 20c	19	−1	—	—	—
415	62	Central Pacific	68	.....	—	—	—
35	15	Cons. Gold Mct. N.L. 50c	15	.....	—	—	—
47	24	Cultus Pacific N.L.	25	−1	—	—	—
68	22	Eagle Corp. 10c	40	−3	—	—	—
40	27	Endeavour 20c	29½	−1	—	—	—
500	310	G. M. Kalgoorlie 25c	428	−7	†Q13c	ϕ	1.9
25	9	Great Eastern	10	.....	—	—	—
275	180	Hampton Areas 10p	215	.....	2.5	3.1	1.7
168	46	Haoma Gold N.L.	54	−2	—	—	—
85	22	Intl. Mining	30	.....	—	—	—
118	33	Jimberlana (50cFP)	33	.....	—	—	—
245	135	Kitchener NL 25c	208	+13	—	—	—
105	35	Leichardt Expln.	35	−3	—	—	—
430	275	Meekatharra	380	.....	—	—	—
70	49	Metals Ex. 50c	52	−3	Q3c	2.9	3.6
38	20	Metramar Mns. 20cs	24	.....	—	—	—
20	10	Mid East Mns. NL	14	−1	—	—	—
290	190	M.I.M. Hldgs. 50c	270	−10	‡Q27.5c	1.7	‡
21	8½	Minefields Expl. 25c	10	−1	—	—	—
20	13	Newmetal 20c	14	.....	—	—	—
69	41	Nickelore N.L.	52	−1	—	—	—
204	149	North B. Hill 50c	164	−10	Q18c	3.1	6.3
84	50	Nth. Kalgurli	79	−2	—	—	—
200	94	Nth. Mining Corp.	124	−3	ϕ	—	—
122	36	N. West Mining N.L.	48	+6	—	—	—
150	106	Oakbridge 50c	142	−6	†Q12c	1.1	5.2
185	138	Oilmin N. L.	145	−2	—	—	—
188	160	Pacific Copper	170	−4	—	—	—
*423	158	Pancont'l 25c	204xa	−6	—	—	—
88	42	Paringa M&Ex.5p	82	−2	ϕ	—	—
525	375	Peko-Wallsend 50c	465	−15	‡Q22½c	ϕ	3.0
43	24	Pelsart Res NL	28	−2	—	—	—
120	65	Seltrust A	73	−2	—	—	—
157	25	Southern Pacific	30	.....	—	—	—
100	40	Swan Resources 20c	76	−2	—	—	—
18½	9½	West Coast 25c	13	.....	—	—	—
327	227	Westn. Mining 50c	315	−4	Q14c	1.6	2.7
27	14	Westmex	14	.....	—	—	—
76	46	Whim Creek 20c	58	+1	—	—	—
101	47	York Resources	51	.....	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	8½	Amal Nigeria 1p	8½	−½	‡16.0	—	—
300	240	Ayer Hitam SM1	240	.....	‡Q205c	1.0	‡
165	98	Geevor	165	+5	—	—	—
11	8	Gold & Base 12½p	10	.....	—	—	—
660	520	Gopeng Cons	520	−5	‡30.0	1.8	‡
450	340	Hongkong	340	.....	21.0	ϕ	8.8
137	110	Idris 10p	110	.....	‡9.0	0.6	‡
46	13	Jantar 12½p	43	−2	‡1.5	ϕ	6.0
98	80	Kamunting SM0.50	80	.....	Q27½c	ϕ	8.0
665	363	Killinghall SM1	600	−25	‡Q66.7c	ϕ	2.5
114	88	Malay Dredging 10c	114xd	.....	‡Q38c	0.9	7.5
68	30	Pahang	38	.....	‡0.63	0.8	‡
118	90	Pengkalen 10p	107	.....	3.5	0.6	4.7
380	310	Petaling SM1	310	.....	‡Q120c	1.4	‡
25	19	South Crofty 10p	24d	.....	—	—	—
225	190	Sungei Besi SM1	190	.....	Q310c	ϕ	42.3
185	95	Supreme Corp SM1	115	−10	‡Q15½c	ϕ	3.1
118	100	Tanjong 15p	100	.....	3.5	3.7	5.0
90	73	Tongkah H. Tin $M	73	.....	Q23%	0.4	6.3
410	280	Tronoh SM1	280	−5	Q110c	1.2	8.9

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	400	−20	†Q45c	4.7	6.4

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	120	Anglo-Dominion	150	+20	—	—	—
55	24	Barymin	25	+1	—	—	—
25½	14	Burma Mines 10p	18½	.....	0.75	0.9	5.8
350	180	Colby Res. Corp	245	+5	—	—	—
510	200	Cons. Murch. 10c	390	−10	†Q30c	1.8	5.7
8½	6	††Explaura Gold	8½	.....	—	—	—
98	55	††Hemerdon 10c	63	.....	—	—	—
180	110	Highwood Res.	110	−5	—	—	—
505	300	Northgate C$1	465	−15	—	—	—
633	372	R.T.Z.	593	−5	16.0	3.2	3.9
£130½	£93½	Do. 9½% Cn. Un. Ln. '95-2000	£129	.....	Q9½%	—	17.3
103	27	††SPO Minerals 10p	27	.....	—	—	—
47	22	Sabina Inds. C$1	26	−1	—	—	—
44	28	††SWCM 10p	34	.....	—	—	—
580	465	Tara Exptn. $1	575	−5	—	—	—

NOTES

Unless otherwise indicated prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange *and not subject to any listing requirements.*
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. *B Preference dividend passed or deferred.* C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures *based on prospectus or other official estimates for 1982.* Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH	
Albany Inv. 20p	46		Conv. 9% '80/82	£92⅝	.....
Bertrams	10	.....	Nat. 9¾% 84/89	£69⅞	.....
Bdg'wtr. Est. 50p	465	.....	Fin. 13% 97/02	£89⅛	.....
Craig & Rose £1	£13	.....	Alliance Gas	67	.....
Finlay Pkg. 5p	22	+1	Arnott	220	.....
Graig Ship. £1	£23	.....	Carroll (P.J.)	82	.....
Higsons Brew	68	.....	Concrete Prods.	90	.....
Holt (Jos) 25p	485	.....	Heiton (Hldgs.)	30xd	.....
I.O.M. Stm. £1	167	.....	Irish Ropes	44	.....
Pearce (C. H.)	840	.....	Jacob	63	.....
Peel Hldgs.	100		T.M.G.	16	.....
Sheff. Refrshmt	93xd	.....	*Unidare*	80xd	.....
Sindall (Wm.)	194				

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	15
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6	**Property**	
Babcock	11	Ladbroke	30		
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	12
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	12		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8		
Courtaulds	7	Nat. West. Bank	32	Brit. Petroleum	33
Debenhams	10	P & O Dfd.	12	Burmah Oil	16
Distillers	17	Plessey	28	Charterhall	0
Dunlop	6½	Racal Elect.	34	KCA	22
Eagle Star	25	R.H.M.	5	Premier	7½
F.N.F.C.	3	Rank Org. Ord.	18	Shell	32
Gen. Accident	30	Reed Intnl.	25	Tricentrol	30
Gen. Electric	60	Sears	5	Ultramar	44
Glaxo	26	Tesco	5½		
Grand Met.	18	Thorn EMI	30	**Mines**	
G.U.S. "A"	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	28	Cons. Gold	45
G.K.N.	15	Turner & Newall	10	Lonrho	9
Hawker Sidd.	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Friday August 21 1981

Industrial investment improves

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE capital spending of British industry levelled out in the first half of this year while the run-down in stocks of finished goods and raw materials was on a smaller scale than in 1980.

Both trends tie in with other evidence (for example, from output figures), which suggest that the worst of the recession may be over.

Department of Industry figures published yesterday indicate that the volume of fixed investment of manufacturing, distributive and service industries was £2.45bn between April and June (at constant 1975 prices, and seasonally adjusted). This was roughly 1 per cent higher than in the previous three months.

This trend is slightly surprising at the present stage of the economic cycle and in view of recent pessimistic projections of investment.

Investment in manufacturing industry continued to fall slightly — down 0.6 per cent to £776m between the first and second quarters.

The figures for past quarters have been revised in the light of later information to show a higher level of spending than previously assumed for 1979 and 1980. But the recent pattern is unchanged with a peak at the end of 1979 and a fall in each quarter since then.

In the first half of this year manufacturing investment was 13 per cent below the average level for last year. This compares with the estimate in the last official investment intentions survey in June that investment would drop by between 15 and 18 per cent this year compared with 1980.

The investment of distributive and service industries continues to rise—up 4 per cent to £1.66bn between the first and second quarters. The revised figures highlight the sharp growth in spending in this sector—rising 17 per cent in 1979 and 10 per cent last year.

In the first half of 1981 its investment was 7 per cent higher than the average level for 1980. This compares with the estimate in the intentions survey of a rise of less than 5 per cent.

The overall fall in industry's stocks between April and June is estimated at £404m (at constant 1975 prices), fractionally less than in the previous three months.

The pattern changed between the two qarters. The redctuion in manufacturing stocks was £230m against £522m in the first quarter. This is consistent with signs of a stabilisation of manufacturing production.

In contrast, the reduction in wholesalers' stockqs was £90m against £5m in the first quarter, while in the retailing sector there was a switch from restocking of £120m in the period to March to destocking of £84m in the second quarter. This latter drop may be partly explained by the earlier than usual start of the ctu price summer sales in June.

The reduction in stockqs is expected to slacken further during the rest of this year since, for example, the stock/output ratio in manufacturing has fallen for the second quarter running. In distribution the ratio of stocks to sales remains roughly unchanged at about the level of the last year.

INVESTMENT AND STOCKS
£m at 1975 prices.
Seasonally adjusted

		Capital spending	Change in stocks
1978		9,002	+641
1979		9,973	+742
1980	1st	2,562	−433
	2nd	2,547	−219
	3rd	2,529	−393
	4th	2,579	−835
1981	1st	2,418	−407
	2nd	2,450	−404

Figures cover manufacturing and distribution (and services for investment)
Source: Department of Industry

TUC suggests £24bn reflation programme

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC yesterday called for a £24bn programme of reflation over five years. It published what it described as a "modest" plan to increase public investment and provide 500,000 jobs.

Mr Len Murray, the TUC general secretary, said the TUC would be pressing the Prime Minister for a response. The proposal is made in a document, "The Reconstruction of Britain."

TUC leaders will meet Mrs Thatcher on September 1 for talks on the problems of inner city areas. The TUC has already published a paper "Regenerating our Inner Cities," which is complementary to yesterday's document.

Mr Murray said he hoped some ministers would support the document. However, he added that he wished he had as much confidence in the Government's official response as he had in the proposals.

The core is a £24bn boost to public spending over the next five years—estimated by Mr Murray as about 3 per cent of national income. The money would be spent on a mixture of "quick acting" projects such as house building and repairs, and longe rschemes, such as sewer reconstruction, power station and road building and railway electrification.

Construction of 1.2m council houses, estimated to cost £12.25bn, would pre-empt the largest slice of the £24bn total. The main urban programme would claim £2bn, health and eduaction building another £1bn and sewerage and railway investment a further £1bn each.

The TUC believes that the building programmes would create about 200,000 jobs for construction workers, with further jobs for white collar workers, architects and designers. The "multiplier" effect of the programme on manufacturing and other industries would bring the total extra employment created up to 500,000.

The document dismisses the argument that the extra borrowing needed to finance the programme would mean higher interest rates, or that increases in the money supply would increase inflation.

It says: "There is nothing wrong in the Government borrowing either to spend itself or to make grants to public bodies, especially if it can put the nation's savings to good use.

"If the private business sector is not willing to borrow, the recession will deepen still further unless the public sector does."

● The CBI last night said that the plan was "self defeating."

"The massive extra public borrowing that would be required, on top of an already high level of such borrowing, would involve an inflationary increase in the money supply, an inflationary increase in interest rates, or both.

S. African power plant contracts awarded

BY BERNARD SIMON IN JOHANNESBURG

TWO MAJOR contracts for power stations in South Africa, each worth R700m (£405m) have been won by Combustion Engineering of the U.S. and by a Franco-German consortium comprising Stein Industries and EVT.

The contracts, awarded by the South African Electricity Supply Commission (Escom) are both for coal-fired boiler plants, each with a generating capacity of 3,600 Mw. When completed they are expected to be the largest dry-cooled power stations in the world.

The contract with Combustion Engineering is among the largest concluded between the U.S. and South African companies, and is further evidence of closer ties between the two countries since President Reagan took office.

The site of the Combustion Engineering station, currently designated as Station C, is to be agreed in the next few months, Escom said. It will be commissioned in late 1987.

Hill Samuel, the UK merchant bank, has acted as adviser to the U.S. company and has arranged the financing for the project. The financing will be backed by the Export Credits Guarantee Department, but Hill Samuel declined to disclose details on the sources of the financing.

The Stein Industries EVT contract is for the Matimba coal-fired power station, to be built near Ellisras in the north-western Transvaal. It will be commissioned in September, 1986.

Banque de l'Indochine et de Suez is handling a substantial part of the French-West German contract.

The U.S. company and the European consortium were bidding initially for the entire project, and won their individual contracts against bidding from Babcock and Wilcox of the UK, and Deutsche Babcock and L and C Steinmuller, both of West Germany.

Contracts for turbines for the two power stations are expected to be announced this year. GEC of the UK and General Electric and Westinghouse of the U.S. are believed to be among the companies which have submitted tenders.

Station C and Matimba are the last of four coal-fired Escom power stations due for completion near the end of the decade. Contracts for the other two stations, Tutuka and Lethabo, have been awarded, with a major share of the business going to GEC and Babcock and Wilcox.

Weather

UK TODAY

CLOUDY with rain in most places.

London, S., E. and N England, E. Midlands, Channel Islands.
Mainly dry with sunny intervals, drizzle later. Max 19C.

S.E. England, E. Anglia
Showers with sunny intervals. Max 20C.

W. Midlands, S.W., N.E. and N.W. England, Wales, Lake District, Isle of Man, Borders, Glasgow, S.W. Scotland, N. Ireland
Dry at first, rain later. Max 20C.

Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Dry at first, then rain followed by clearer weather. Max 17C.

Highlands, Argyll, N.W. Scotland
Changeable. Max 18C.

Outlook: Mostly dry, some rain in north and east.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	L. Ang.†	C	16	64
Algiers	S	32	90	Luxmbg.	R	12	54
Amsdm.	R	15	61	Luxor	S	38	100
Athens	S	33	91	Madrid	F	27	81
Bahrain		—	—	Majorca	S	28	82
Barclna.	S	30	86	Malaga	S	31	88
Beirut	F	29	84	Malta	S	29	84
Belfast	C	14	57	M'chstr.	C	17	63
Belgrd.	S	28	82	Melbne.	C	17	[illegible]
Berlin	R	15	59	Mx. C.†		—	—
Biarritz	S	22	72	Miami†	C	25	77
Bmghm.	C	17	63	Milan	F	25	77
Blackpl.	S	15	59	Montrl.†	F	19	66
Bordx.	F	22	72	Moscow	S	21	70
Boulgn.	C	16	61	Munich	C	23	73
Bristol	S	19	66	Nairobi	F	24	75
Brussels	R	14	57	Naples	F	27	81
Budpst.	S	26	79	Nassau		—	—
Cairo	S	32	90	Nwcstl.	C	14	57
Cardiff	S	18	64	N York†	C	19	66
Cas'b'ca	C	23	73	Nice	S	25	77
Cape T.	S	21	70	Nicosia	S	28	82
Chicg.†	S	13	55	Oporto	C	20	68
Cologne	R	15	59	Oslo	S	20	68
Cpnhgn.	C	15	59	Paris	R	16	61
Corfu	S	30	86	Perth	F	15	59
Denver†	S	17	63	Prague	[illegible]	[illegible]	[illegible]
Dublin	F	16	61	Reykjvk.	C	10	50
Dbrvnk.	S	25	77	Rhodes	S	26	79
Ednbgh.	C	15	59	Rio J'o†		—	—
Faro	S	27	81	Rome	S	28	82
Florence	F	28	82	Salzbrg.	F	24	75
Frankft.	R	15	59	S. Frisco†	C	13	55
Funchal	S	24	75	St. Moritz		—	—
Geneva	F	25	77	Singapr.		—	—
Gibraltar	F	28	82	S'tiago†		—	—
Glasgow	F	16	61	Stckhm.	C	16	61
G'nsey	F	17	63	Strasbg.	F	18	64
Helsinki	C	15	59	Sydney	S	19	66
H. Kong	F	21	68	Tangier	F	24	75
Innsbrk.	F	26	79	Tel Aviv	S	29	84
Invrnss.	C	13	55	Tenerife	S	27	81
I.o.Man	C	14	57	Tokyo	F	29	84
Istanbul	S	27	81	Toronto†	S	14	57
Jersey	C	18	64	Tunis	S	32	90
Jo'burg	F	13	55	Valencia	S	28	82
L. Pims.	S	25	77	Venice	F	25	77
Lisbon	F	22	72	Vienna	S	26	79
Locarno	F	24	75	Warsaw	F	21	70
London	C	18	64	Zurich	F	21	70

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures

Continued from Page 1

Pound

Therefore the UK banks' interest rates tend to be linked more closely to money-market rates which have risen recently. The clearers show no signs of changing their base rates for the time being.

The new monetary system came into operation yesterday. Minimum Lending Rate was in suspension. Nothing dramatic or unusual happened in the markets.

Some uncertainty has arisen because of the use of MLR in legal documents and contracts. Mr Nigel Lawson, Financial Secretary to the Treasury, said yesterday there was no question of an alternative rate being provided by the Bank of England because the essence of the new arrangements was to allow markets a greater role in determination of interest rates.

Mr Lawson noted that in discussions with the Law Society the Bank had advised on various interest rates which could be used as substitututes in documents. There is a desire to avoid any official rate. Interbank rates or base lending rates are the obvious substitutes.

Mr Lawson said there was no legislative obstacle to removal of MLR though one or two amending orders might become necessary.

Continued from Page 1

Grand Met bid

with Holiday Inns.

Rival bidders for Intercontinental are Hilton Corp. (the U.S. domestic company, not the TWA subsidiary), and Westin, the United Airlines offshoot.

Although Intercontinental has 81 hotels on its books and showed net earnings of $23.6m last year, settling a price for the deal is not easy.

The Intercontinental group is made up largely of management contracts and, where the chain itself owns a stake in a hotel's equity, this is often a minority share.

Grand Met's legal and financial advisors have to discover not only the source of Intercontinental's profits, but also the security of those profit sources. Some hotel owners may resent a change in the ownership of the management company and seek to revoke agreements.

Grand Met will also need to know how important the Pan Am link is in providing custom.

The reserve price on the group is thought to be the $288m which Pan Am needs for its bankers in the next few months. How much more than this any bidder might pay will depend on the proportion of unfettered freeholds and long leases in the Intercontinental portfolio.

"There is no way an outsider can judge the real worth of the company until he has had a really close look at the books," said one international hotel consultant last night.

Grand Met is a much bigger company than Intercontinental, but a considerably smaller hotel chain. Its 83 properties are concentrated in Britain and Europe, although it has recently expanded into the Middle East.

Its flagships are the Britannia and Mayfair in London, the Carlton in Cannes, the Lotti in Paris and the Angleterre in Copenhagen. Its main market, however, is the middle-bracket business traveller and tourist.

Intercontinental, on the other hand, operates at the top of the market, although it does have some medium-priced Forum hotels.

Given total securiy of tenure a luxury hotel today would probably cost $60,000-$100,000 a room to build, depending on the city, and might be bought today for $50,000 to $80,000. That would value the 30,000-room Intercontinental chain at *a minimum of $1.5bn—and even* the most extravagant estimates so far are suggesting a price nearer a third of that.

British Airways seeks 7% fare rise

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS and several other UK airlines, including Air UK, British Midland and Brymon, have applied to the Civil Aviation Authority for permission to raise fares on UK internal routes by an average of 7 per cent.

The increases are the first of the "autumn round" of fare rises sought by the airlines. Other airlines flying UK domestic routes, are undecided on what scale of increases to seek, but are expected to announce their decisions soon.

So far, there have been no signs of the airlines seeking rises on international routes, but many in the industry believe that this is only a question of time.

The airlines want the rises to become effective as soon as possible, to offset rising costs, especially of fuel, and to overcome the effects of the recent air traffic control dispute, which has cost them millions of pounds.

British Airways assesses its losses as a result of the dispute at about £60m, and believes that it can only recoup part of these from dearer fares.

British Caledonian Airways has not yet asked for any fare rises. Earlier this year it pledged that it would not raise its fares again this year, after rises which became effective in April, but it remains to be seen whether in the light of the summer's events it can hold to that pledge.

The increases sought by British Airways would raise the London (Heathrow) shuttle single fare to Glasgow and Edinburgh by £3 to £57. The shuttle to Manchester will rise by £2.50 to £40.50 single, while the Belfast Shuttle will rise by £4 to £53 single.

On the London-Newcastle route, the single fare will rise by £2 to £43, on Glasgow-Manchester by £3 to £36, and on Manchester-Inverness by £5 to £68.

The latest rises would be the second this year, following those averaging 15 per cent last April, which were blamed on steep rises in fuel and other costs through the winter.

It had been feared that the autumn rises—which have now become almost a regular feature of UK air transport—would be much higher, in the light of the air traffic control dispute, but the airlines believe that to seek more than 7 per cent would be to court rejection by the Civil Aviation Authority.

Poll-booth arrests at Ulster by-election

By Stewart Dalby in Belfast

DOZENS OF people were turned away from polling-booths and some were arrested for impersonation as voting got under way yesterday in what was described as a high poll in the Fermanagh-South Tyrone by-election.

It seemed last night that the result of the poll, caused by the death in May of the first of 10 recent Maze prison hunger-strikers, Mr Bobby Sands, could be close. Some candidates were predicting a recount. The result is expected this afternoon.

The problem of people voting more than once, or voting in the names of dead people who have not been struck-off the register, has always been notable in the constituency. At yesterday's poll it appeared to be bigger than usual.

The 73,400 electorate has a built-in nationalist majority of between 4,000 and 5,000 votes, making a higher turnout more favourable to the nationalists. Polling yesterday was expected to exceed the 86.7 per cent turnout achieved at the April 9 poll when Mr Sands won by 1,444 votes.

A recent change in British law forbids a prisoner from standing as a candidate. The main nationalist candidate this time is Mr Owen Carron, a former schoolteacher who is also a member of Provisional Sinn Fein, the political wing of the Provisional IRA. He is standing as an anti-H block proxy prisoner candidate.

Mr Carron's campaign headquarters felt the death yesterday of Mr Michael Devine, after 60 days on hunger strike, would increase the sympathy vote for Mr Carron.

Mr Devine, 27, was a member of the Irish National Liberation Army and is serving 12 years in the Maze prison outside Belfast, for terrorist crimes.

The previous by-election in April was fought between Mr Sands and Mr Harry West, the Unionist candidate.

This time two other Catholic nationalist candidates are standing. Mr Thomas Moore represents the Workers Party Republican Clubs, a descendant of official Sinn Fein. The other man is Mr Seamus Close, of the non-sectarian Alliance Party.

Their candidancy could eat into the slender nationalist majority. The two independent candidates in yesterday's poll, Mr Simon Hall Raleigh and Mr Martin Green, both Englishmen, are not expected to poll significantly.

For the Unionists, Mr Kenneth McGinnis is more popular personally than Mr Harry West. A schoolteacher and former major in the Ulster Defence Regt Mr McGinnis has conducted a vigorous campaign.

He could maximise the Unionist vote and, if the alternative Catholic candidates draw enough support from Mr Carron, the result could be close.

Margaret Van Hattem writes: The Government has launched a campaign to counter IRA propaganda about the Maze prison hunger-strikes. It is circulating dossiers on the individual hunger-strikers among British embasies, *particulraly in* Europe and in the U.S., for distribution to the media.

The dossiers contain a picture of the hunger-triker concerned, and a resume of his activities, arrest and conviction, with copies of Press clippings covering arrest and trial.

The moves reflect the Government's concern over the impact on international opinion of the mounting death-toll at the Maze. In particular, the Government appears to be worried about the possibilty of increased financial support from the U.S., where there are signs sympathy for the hunger-strikers is no longer confined to the large Irish-American community.

The timing of the start of the campaign, to coincide with yesterday's by-election, is also believed to indicate Government anxiety over a possible win by Mr Carron.

Mr Carron's declaration that if he wins he will not take up his Westminster seat, triggered *speculation he might try to use* his standing as an MP to make a series of international lecture-tours and fund-raising drives.

THE LEX COLUMN

Grand Met stalks another jumbo

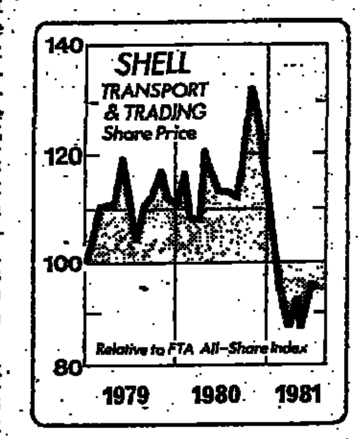
Although it is now a very large corporation, Grand Metropolitan remains as opportunistic and fleet-footed as ever. Faint hearts were quivering in the City yesterday at the news that the group is pursuing the Intercontinental hotels so soon after last year's acquisition of Liggett for the best part of $600m. But Grand Met has always made it plain that it intends to keep up an active acquisition policy, and the Intercontinental deal is just the kind of thing that the UK group has been pulling off for the past 20 years. Only the numbers are bigger.

At this stage, the price is an open question. Gross assets of the hotels are in Pan Am's books at $237m, earnings last year were $23.6m after tax, and half way through 1981 profits were up by a fifth. If that performance extends through the year it would not take too fancy an exit multiple to get the price above $400m, or £220m plus at today's exchange rates.

Grand Met could certainly handle a bid on this scale. Its share price has been strong over the past year, and its market capitalisation is around £1bn. But such a deal would bring with it a measure of profits dilution in the short term, and it would also make a mark on the balance sheet. Debt might rise to the equivalent of very roughly three-fifths of shareholders' funds compared with under a half at present. And although the group has lived with much higher gearing than this in the past, the current figures incorporate a big asset revaluation and pretty well everything is in the shop window these days.

The likelihood that a successful bid would be followed sooner or later by a rights issue explains the 12p fall in the share price yesterday to 204p. But it is not even clear yet whether Grand Met has the field to itself.

Index fell 2.6 to 560.7



Royal Dutch/Shell

The Shell group's figures are not exactly transparent at the best of times, but the very large swings in the dollar, combined with an internal change in the allocation of tax, make the second quarter set particularly difficult. A drop in reported net income to £164m against £680m in the same period a year ago greatly overstates the downturn in trading, since although the rise in the dollar has raised the price of oil in other currencies and gven rise to a £235m stock profit (against £150m), there is a £412m adverse swing between the two periods on the notorious FAS 8 adjustment.

On an underlying basis, stripping out stock and currency items, net income has fallen from £440m to £251m, which compares well with the £171m underlying profit calculated for the first quarter of this year. But Shell has now decided that it should allocate tax credits o loss-making segments of its business (such as the downstream operations in Europe), which has the effect at the net level of boosting the underlying earnings figure and reducing the FIFO/current cost stock adjustment. Although first quarter reported net income is unchanged, underlying profit rises to £256m on the new basis.

Roughly speaking, then, earnings in the first and second quarters of 1981 were similar and running at little more than half the 1980 level. In the second quarter Shell's North American trading profits were up—in dollar terms and even more in sterling—offsetting the increase in downstream losses (adjusted for replacement cost) outside North America. The rise in these losses to £98m from a restated £51m in the first quarter probably reflects little more than the seasonal drop in gas volume.

The erosion of margins seems to have been stemmed and Shell looks to be heading for underlying net earnings of £1.1bn or so this year, against £1.5bn, with better things to come in 1982. Long-term debt has jumped by £1.4bn, or 32 per cent, between December and June, but a good half of this simply reflects the higher dollar, and much of the rest is the refinancing of Shell's short-term debt taken on for the acquisition of Belridge. At 406p, up 6 p yesterday, the shares stand on 10 times earnings and yield 6¼ per cent.

Distillers

What is Distillers going to do with all the cash that is about to come rolling home? The report and accounts for the year to March, published today, underlines how the company's whisk stocks have got out of line with demand. Five years ago Distillers was reckoning on compound volume growth of 5 or 6 per cent a year; in fact sales volume over the last three years has declined slightly.

Production is now running at about three-fifths of last year's level, but is is likely to take two or three years before stocks are back in line with the reduced expectations for future sales. In the year to March spirit stocks have jumped from 98.5 per cent of annual sales less duty, to 110 per cent. Bringing the level back down to the 93 per cent levels of 1977 and 1978, which is the company's aim, would release about £90m of cash. Over a period therefore, a big dent should be carved in net debt of £97m—seasonally high at the balance sheet date anyway—especially as capital expenditure requirements will be slight.

Up to now the company has been reluctant to diversify—which is hardly surprising in the light of its past experience—although there are signs that it is now looking around for possible acquisitions. An alternative solution would be higher distribution to shareholders. Current cost cover might have to be sacrificed, but a company which is reducing the volume of it sassets deliberately need not retain the funds to rebuild them.

Letraset

Letraset's full defence document to the Mills and Allen bid makes a slightly better impression than the previous feeble holding statement. The company makes a clea nbreast of the Stanley Gibbons disaster (it had little choice) and attacks the bidder's paper more effectively. But there are still no figures for the year to April, which looks more and more unsatisfactory—Letraset simply says that they will be out next week and that they will not be fudged: in its own words, Letraset will not "minimise the setback."

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